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Berlusconi Yields Control Of Italian Business Empire

Court Convicts Former Leader Craxi

By John Tagliabue

ROME - Struggling to shield his beleaguered government from further buffeting.
Prime Minister Silvio Berlusconi of Italy
announced the creation Friday of complex legal mechanisms to separate his business empire from his personal control.

The moves came as a court in Milan convicted one of the most prominent casualties of Italy's corruption probes, former Prime Minister Bettino Craxi, on Irand charges and sentenced him to eight and a half years in prison, Reuters reported, quoting court officials.

[Mr. Craxi, 60, who has been living in Tunisia and has been reported by his lawyers to be too ill to return to Italy, was convicted of fraudulent bankruptcy in connection with the collapse of an Italian

bank, Banco Ambrosiano, a decade ago.] Opposition politiciana immediately called the moves by Mr. Berlusconi a sleight of hand designed to mask continuing control of the prime minister's vast television and other business interests.

The measures, which will be incorporated in a draft bill and presented for parliamentary approval, would not involve Mr. Berlusconi's renouncing his controlling stake in the \$7.5 billion-a-year Fininvest corporation he owns. But it appeared to be a desperate effort by the tycoon-turnedpolitician to deflect mounting criticism that his role as prime minister stands in direct conflict with his ownership of Fininvest, which includes Italy's biggest private television networks, supermarkets, and publishing and advertising companies.

The criticism became particularly acute earlier this mouth, when Mr. Berlusconi sought by decree to limit the ability of investigating magistrates, who act in Italy much as district attorneys do in the United States, to detain suspects to corruption cases, just as Fininvest was being targeted in the sweep of investigations into widespread bribery involving business execu-tives and government financial auditors.

As the prime minister was announcing the measures at a news conference to Rome, Milan magistrates were ordering that his younger brother, Paolo Beriusconi, be placed under house arrest while the tovestigation of his role in the bribery affair continues. He surrendered to magistrates early Friday and was later ques-

A senior Fininvest financial officer has

accused Paolo Berlusconi of authorizing the payment of bribes totaling \$210,000 to government auditors inspecting the books of three Fininvest subsidiaries. His lawyers said that he bad confessed to authorizing the bribe payments but had contended that he had been forced to do so under threat of extortion.

Though the terms of house arrest may vary, the suspect is confined at home under guard and ordinarily not allowed to use a telephone or to have unauthorized visitors other than lawyers. But many Italian lawyers say house arrests tend to be notorious-

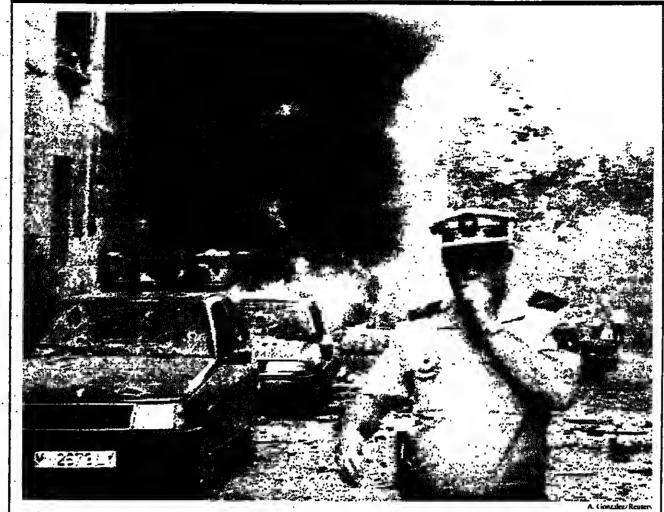
Investigations that started in Milan in Investigations that started in Milan in 1992 have exposed systematic corruption among high-level politicians 'aking bribes and receiving undeclared donations to finance their political parties. The latest wave of the investigations, that affecting Fininvest, began by centering on bribes regularly paid by businessmen to government finance auditors in order to hide the funds made for illegal religious. funds used for illegal political payments in

On taking office in May, Mr. Berlusconi pledged a "stainless" government that he said would represent a clear break with past corruption. He said be would appoint a panel of three eminent jurists to tighten existing media and antitrust laws, but be made clear that be would ignore calls to surrender control of his vast television and other business interests.

Under the plan announced Friday, a group consisting of Italy's president, Oscar Luigi Scalfaro, the two speakers of Parliament and antitrust officials would appoint a committee to oversee the conduct of affairs at Fininvest.

Mr. Berinsconi, for his part, would name a trustee to take over his role as shareholder. While the trustee apparently would not have the right to add to or subtract from the assets to Mr. Berlusconi's company, the oversight committee would be empowered to veto investment decisions and order the divestiture of assets it felt were creating conflicts with the prime minister's government role.

The special law is required because Italy's legal system has no provision for the kind of blind trust politicians in some other countries, including the United States, ordinarily employ to dispose of assets while holding public office.



Spanish General Dies in Car Bomb Attack

A policeman hustling down a central Madrid street Friday after a car bomb killed the army general in charge of Spain's defense policy and two other persons. The government suspects that the Basque separatist group ETA is responsible, Page 5.

Refugees Trickle Out of the Hellish Camps

By Keith B. Richburg

Washington Post Service
RUHENGERI, Rwanda — Donathe
Ntegeyiminsi fled because he thought he
might be killed. He came back because he thought he might die.

When Rwandan rebel forces were closing in on this town, 30 kilometers (18 miles) from the Zairian border, Mr. Nte-geyiminsi fled for his life. The town administrators had warned that the guerrillas, most of whom belong to Rwanda's Tuisi minority, would kill everyone in their path.
So Mr. Ntegeyiminsi, walking on his thick-

ly calloused feet and deformed legs, joined the exodus of more than a million Rwandan Hutu who crossed the border into the eastern Zairian town of Goma.

But far from a place of refuge, Goma became a living bell. For days there was no food: Water is still scarce. And a week ago a cholera epidemic began raging through the refugee population, turning the once-scenic lakeside resort loto a city of the

"We were suffering in Goma." Mr. Nicgeyiminsi said, so we had to return. What angered Mr. Ntegeyiminsi and other refugees was that the Ruhengeri officials who had encouraged them to flee were not in Goma to share the suffering.

"While there in Goma, the peasants suf-fered alone," Mr. Ntegeyiminsi said through a translator, while other recently returned refugees shouted their agreement. "The so-called administrators are in ho-

tels, they are driving cars," he said. "We There are many more Rwandan Hutu who, like Mr. Ntegeyiminsi, fled across the

See GOMA, Page 5

U.S. Sending Army Unit to **Open Airport** In Rwanda

Ignoring UN, France Begins Pullout From Refugee Security Zone

By Barry James

President Bill Clinton, broadening the effort to help Rwandan refugees Friday, has decided to send U.S. troops to Rwan-da's capital of Kigali to open the airport for relief flights, administration officials

There was no immediate word on the number of troops to be sent or exactly what their mission would be. The officials stressed, however, that the expanded role would be a humanitarian one and that the troops would not be on a peacekeeping

Mr. Clinton said earlier at a news conference that "opening" the airport in Kiga-li would widen the transportation net needed to distribute food, medical supplies and fresh water to refugees who bave fled slaughter in Rwanda to find disease in

France, meanwhile, despite a United Nations plea to stay, began withdrawing its troops on Friday from the security zone it has established in southwestern Rwanda, raising the fear of a huge new flight of refugees.

In the Ivory Coast capital, Abidjan, the French prime minister, Edouard Balladur, who was scheduled to visit the French troops this weekend, confirmed that 180 soldiers would be on their way home Friday evening. In the first phase of the with-drawal, 300 of the 1,500 men guarding the security zone were being replaced by troops from Ghana, Chad, Niger and Congo, officials in Paris said.

The UN undersecretary-general for humanitarian affairs, Peter Hansen, said in Geneva that he feared the French pullout would be followed by a "world record refugee exodus" if victorious Rwanda Patriotic Front forces moved into the zone. About 1.2 million Hutu, fearing repri-sals by the Tutsi-dominated Patriotic

See RWANDA, Page 5

Kiosk

Whitewater Hearings Look at Foster Death

WASHINGTON (AP) - The Senate began its hearings of the Whitewater affair on Friday with sharp partisan attacks against the credibility of presidential aides and a sober account of the last days of Vincent W. Foster Jr., the White House deputy counsel.
"There can be no question that Mr.

Foster committed suicide," an FBI special agent, Larry Monroe, told the Senate Banking Committee. Mr. Monroe said extensive inter-

views conducted for the Whitewater special counsel showed that Mr. Foster was depressed and distracted and had tried to contact a psychiatrist. But the agent said there was no evidence indicating that Whitewater matters had contributed to his death.

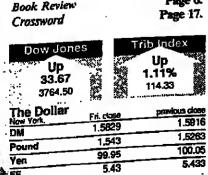
Senate Backs Breyer

WASHINGTON (AP) — The Senate confirmed Stephen G. Breyer on Friday to become the 108th justice of the U.S. Supreme Court. The vote was 87 to 9 for the 55-year-old jurist, who was the Senate Judiciary Committee's chief counsel in 1979 and 1980. Judge Breyer is likely to be sworn in next

Money Report

Credit Cards - The perils of hidden service charges. Combating fraudu-lent card use. The deluxe end of the Pages 13, 15. market.

Prices are so high that art risks pricing itself out of the market. Page 6. itself out of the market. Page 6. Book Review



Newsstand Prices



Worried investors waiting Friday to get into the MMM investment fund office in Moscow to redeem their shares.

Pyramid's Fall Shakes Russian Capitalists

By Michael Specter New York Times Service

MOSCOW - Russia's largest investment company virtually collapsed Friday as more than 10,000 ontraged stockholders stampeded the colonnaded headquarters of Moscow's commodities exchange, ly to unload their shares in the plummeting fund. smashing windows as they tried desperate-

After promising Thursday that it would begin to buy back shares for 125,000 rubles (about \$60), officials of the troubled com-pany, MMM, announced Friday morning that they had cut the price to a pittance.

By evening, a share of the nation's most popular stock — owned by 5 million to 10 million people — was only 950 rubles, the

equivalent of less than 50 cents. Those who have been trading MMM

stock have been gambling," said Sergei K. Dubinin, acting finance minister of Russia, speaking after the cabinet held a special session to discuss the dimensions of the financial disaster and how seriously it might mar the struggling image of capital-

> "Sooner or later the game had to come See MOSCOW, Page 5

'Toughest' Anti-Crime Bill Moves Ahead in Congress

By Ann Devroy and Kenneth J. Cooper

Washington Past Service
WASHINGTON — Congressional negotiators have agreed on a \$30.2 billion anti-crime bill that President Bill Clinton and Democratic allies, intent on an election-year accomplishment to display to voters, called the toughest ever.

The measure, the first federal anti-crime legislation in six years, provides for the hiring of 100,000 new police officers, bans 19 assault weapons, spreads the death pen-alty to an additional 60 crimes and provides new funding for crime prevention

With most polls showing crime to be the voters' top concern, Democrats were lavish in promoting the legislation even before it made its way through final passage and to the president for signature. The White House predicted that that would occur within a week, but not without a few more political fireworks.

Representative Charles E. Schumer of New York, a Democrat who is the chief House sponsor of the weapons ban, conceded that the bill would not appear perfect to everyone after Senator Orrin G. Hatch, a Utah Republican, contended that it was oot tough enough.

"Some on the left might quibble and say there's too much punishment," Mr. Schumer said. "Some on the right might say there's a little too much prevention." Mr. Clinton, at a ceremony at the Justice Department featuring hundreds of uniformed police officers, called the legisla-

tion "the toughest, largest, smartest federal attack on crime in the history of our country." And although crime was not a major theme of his campaign, Mr. Clinton said, "This is one of the reasons that I ran for president."

Republicans said the legislation would not accomplish its crime-fighting goals and was filled with pork. "This is not a Christmas tree," said Representative Heory J. Hyde of Illinois. "This is the whole Emerald City of Oz."

The legislation closely resembles what Mr. Clinton has sought for the last year and outlined during his campaign, a fact the White House emphasized.

The crime agreement came after lengthy negotiations and the defeat of two provisions, one that would have allowed the use of statistics to belp prove racial bias in death-penalty cases and one that would have watered down or eliminated the ban on assault weapons.

The \$30.2 billion cost of the bill is to be paid over six years from a trust fund created with money saved by cuts in the federal work force. Some lawmakers have ques-tioned bow fast, if ever, those savings would materialize. The bill also authorizes an additional \$2.2 billion for prisons to come from non-trust fund sources, with no guarantee that the money will be appropri-

Democratie members of the House-Senate conference committee praised the package as balanced legislation that would address public fears about violence.

Republicans sought to transfer funds from crime-prevention programs to prison and law enforcement programs, but in the end only \$200 million was shifted. A total of \$13.2 billion was allocated to policing. including \$8.9 billion for localities to hire 100,000 new officers, which would mean an increase of nearly 20 percent in the size of state and local police forces.

The federal government also would launch grant programs to help financially pressed states build more prisons for longer incarceration of violent criminals. Republicans won a concession that as much as 40 percent of \$6.5 billion could go to states that agreed to keep violent offenders imprisoned for 85 percent of their sentences. And \$1.8 billion was set aside to reimburse states for the cost of imprisoo-

See CRIME, Page 5

A Long, Hot Summer Predicted for Wide, Cold English Channel

By Mary Blume onal Herald Tribune -

DOVER, England - At a reception for Captain Matthew Webb who had just breaststroked across the English Channel in 21 hours and 45 minutes - the year was 1875 - the mayor of Dover predicted that no one would swim it again and indeed it was 36 years, despite 70 attempts, before anyone did. For Webb glory brought ultimate disaster: Known before the channel swim as a modest lifesaver with a fine handlebar mustache he died in 1883 in an ill-judged attempt to swim the rapids below Niag-

By 1993, 4,338 people had made 6,281 channel attempts, only 439 of them successful. The Channel Swimming Association (CSA) vets candidates, sets rules (no protective clothing, no band contact with trainers passing food and drink), warns against bypothermia, gives drug tests and advice (learn to breathe bilaterally to escape from the pilot boat's fumes), and deals with French and Brit-

ish coastal authorities. About 600 ships go up, down or across the channel each day and they all wish the channel swimmers would go away. Not likely: This summer, weather permilting, there will 70 or 80 attempts,

three times as many as three years ago, according to Mike Oram, the CSA's honorary secretary and the leading channel

pilot.
"It's not for the ships to tell us to stop
although be swimming," Oram says, although be must cede the right of way. "The channel was there before there were tankers."

Winds and tides lengthen the 21-mile (34-kilometer) distance by forcing swimmers to zigzag. This year's contenders include 12-year-old Rihen Mehta, who came from Bombay with his mother, his trainer and their cook, who finds Indian vegetables Tuesdays nt Folkestone; Mexico's Nora Toledano Cadena, a

young biologist who intends to study the cloacal bouillabaisse she successfully swam to 1992; Tammy Van Wisse, last year's fastest swimmer who, with her kid brother John, last week became the first Australian brother and sister to cross; and Benoit Vassent who, like most Frenchmen, is taking off the first week of August but hopes to spend it on a successful channel attempt.

Benoit tried last year but was defeated within 2.4 kilometers of success by a sudden tide and hypothermia. Although swimmers from more than 40 countries have swum the channel, it is not a French sport: Only three Frenchmen have made

it, all taking the supposedly easier Calais-Dover route. Benoit will start from Dover, having put on 12 insulating kilos. having spent weekends training in Dover and 37,000 francs (about \$6,800) in expenses, and having, with his wife. Carine, adapted to English food and to being called Ben.

"Many of the French fail because they don't respect the channel," Ben said. "The English do; it is part of their world — the English Channel — and I have put myself on their wavelength."

Tammy, 25, is a graphic designer, Be-See SWIM, Page 5

In Bangladesh, Bitter Conflict Between 'the 2 Women'

New York Times Service

DHAKA, Bangladesh — In Bangladesh, il is enough to mention "the two women" lo touch off an impassioned debate.

Whether riding in a rickshaw in this capital's monsoon-swept streets or having tea in a lawyer's air-conditioned chambers, there is no need to name Khalida Zia, the prime minister, and Hasina Wazed, an opposition leader - the two leaders, each 48, who have overcome the weight of tradition in this overwhelmingly Muslim country to dominate its political life.

But what stirs controversy about Begum Zia and Sheikh Hasina, as they prefer to be known, using titles traditionally adopted by women of high standing, is not so much that they are women, although critics invariably mention the fact, as that they have fallen into a bitter personal dispute.

So marked has this become that many fear that the rivalry could be endangering the fragile parliamentary democracy that re-turned to Bangladesh with elections in 1991. The elections, which brought a surprise victory for Begum Zia over the favored Sheikh Hasina, ended 16 years in which the country was in effect under military rule, either directly by generals or by generals who had become "civilian" presidents in carefully controlled

Given strong patriarchal traditions bere, it is hardly surprising that the criticism is often put in ways that emphasize the two leaders' gender, even if Bangladesb has had plenty of reason, in 22 years of nationhood scarred hy military coups and assassinations, to conclude that men in power are no less likely than

Grab 3 Paintings

By Rick Atkinson

Washington Post Service
BERLIN — Thieves over-

powered a night watchman in a Frankfurt art gallery and stole

three 19th-century masterpieces

worth \$44 million, the police

Thursday night, included

"Shadows and Darkness" and

"Light and Colors," two swirling landscapes painted in 1843 by the English master J.M.W.

Turner. The canvases had been

on loan from the Tate Gallery in London for the Schirn Gal-

lery's exhibit of Romantic

The third painting taken was "Nebelschwaden" by the German artist Caspar David Fried-

rich, who, like Turner, was a

prominent figure in the early

19th-century Romantic move-

ment and a contemporary of Goethe. The Friedrich canvas

was on loan from a Hamburg

Nicholas Serota, director of

the Tate, called the Turner landscapes "irreplaceable" and

said their theft "represents a

major loss for the Tate Gallery

At least two thieves, de-

scribed as being in their early

20s, apparently hid in the

Schirn Gallery until after it closed at 10 P.M. Thursday night the police said. They then seized the lone night watchman,

handcuffed him, gagged him with tape and pulled a black

The thieves dragged the 28-

year-old watchman into a side

room and used his keys to enter

the locked room where the three

paintings were displayed as part

of a temporary exhibit celebrat-

ing Frankfurt's 1,200th anni-

versary. After 45 minutes of

Herald Eribune

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cap over his face.

and for European painting."

painters, "Goethe and Art."

The missing works, stolen

said Friday.

Worth \$44 Million

belp. Police officers arrived at

the gallery around 11 P.M., but

the three paintings, still in their

The police said the thieves

appeared well-versed on the

gallery's security precautions

because they struck shortly be-

The Frankfurt police chief,

Karlheinz Gemmer, said the paintings are too well known to be peddled in any art market.

He speculated that the thieves

hoped to either extort a cash settlement from insurers or sell

them to a wealthy collector

"who wants to enjoy them un-der the cover of night."

The three paintings were in-

sured for a total of 70 million Deutsche marks (\$43.92 mil-

ued at \$18 million each.

fore the alarm system was to

frames, were gone.

have been activated.

Thieves in Frankfurt

women to allow their actions to be governed by whims.

"If you sit around long enough and drink enough whiskey, just about every politician in Bangladesh will tell you the same thing," a Western diplomat said. "They'll tell you, You know what the real problem is - the real problem is that they are both women."

The attitude shows, if nothing else, how slowly perceptions have changed in a region where women are no strangers to political power. In 1960, Sirimavo Bandaranaike of Sri Lanka became the first woman in the world to be a prime minister, and Indira Gandhi served more than a decade in two stints as India's prime minister before she was assassinated in 1984. Benazir Bhutto is currently in her second term as prime minister of Paki-

But if each of these leaders became a dominant figure in her own right, each also owed her rise to power to powerful male relatives, a characteristic that also applies in the cases of Begum Zia and Sheikh Hasina.

Sheikh Hasina, leader of the opposition Awami League, is the daughter of Sheikh Mujibur Rahman, leader of the independence movement that led the breakaway from Pakistan and later the first prime minister. He died with more than a dozen family members. including his wife and three sons, when army officers stormed his Dhaka house in 1975.

Begum Zia, the prime minister, is the widow of an army general, Ziaur Rahman, who took power three months after Sheikh Mujib's killing, only to be assassinated, again by officers, while visiting the country's second biggest city, Chittagong, as president in 1981.

The killing of General Zia was followed by nearly 10 years of rule by another general who became president, Hussain Mohammed Ershad, and it was partly because Begum Zia and Sheikh Hasina together fomented the

newspaper says it stands by its report.

Most of the injuries from the bomemade

Dr. Nasrin, a physician-turned-writer in

date the democracy re-established in 1991. But after a brief interlude, their relations degenerated. A watershed came five months

upheavals that unseated General Ershad that

many hoped they would cooperate to consoli-

ago, when Sheikh Hasina led an opposition walkout from Parliament. She and other opposition leaders have vowed to "take to the streets," in a renewal of the campaign against General Ershad, to bring Begum Zia's govemment down.

What distresses many Bangladeshis is that the confrontation appears to have little to do with policy differences.

The two leaders generally agree on steps to end illiteracy, and both seek to ease poverty by privatizing state-owned enterprises and encouraging foreign investment. And they have also strongly supported steps to empower women, partly by building on the successes of Bangladesh's birth-control program, which has begun to cut sharply into population growth in this country of 120 million people, and partly by bringing increasing numbers of

women into the work force. But those who know both leaders well say that their attitudes toward each other seem

driven mainly by personal resentments. "Begum Zia's obsessed with Sheikh Ha-sina, and it's mutual," said one of the country's leading business executives, who insisted on anonymity for fear of prejudicing his deal-ings with the government. "Sheikh Hasina thinks that General Zia knew about the plot against her father, and Begum Zia suspects the Awami League may have had something to do with the assassination of her husband. The suspicions underlie everything each of them does."

WORLD BRIEFS

Bank to Auction Tapie's Furniture

PARIS (Reuters) — Bernard Tapie's creditor bank, Credit Lyonnais, said Friday that it would auction off furniture it had seized from the French politician's Paris home and would give the

tax authorities a share of the proceeds.

"We will have to get the best value estimate possible to prepare a big public sale," Dominique Bazy, a member of the state-owned bank's executive committee, said in an interview with the business daily La Tribune Desfosses. "After that, we will work with the tax

authorities on how the proceeds should be split." Credit Lyonnais is seeking to recover debts of 1.22 billion francs (\$224 million) from the tycoon and Socialist member of Perliament. It sent removal men to Mr. Tapie's mansion Thursday to seize his furniture and art collection. The French Treasury, which is investigating Mr. Tapie for tax evasion and business fraud, has made a competing claim on his furniture.

Russian Shoot-Out Kills 5 Hostages

MINERALNYE VODY, Russia (AP) — After four major kidnappings in eight months, the police in this southern reson

town abandoned their patient approach Friday and stormed a helicopter holding four hijackers and their hostages.

Four female hostages and one of the kidnappers were killed in a predawn shoot-out, and the Interfax news agency said a fifth hostage, an 18-year-old woman, died on the way to the hospital. The anthorities borned that their hard-line tastics would and the The anthorities hoped that their hard-line tactics would end the rash of hostage-taking in Mineralnye Vody.

The masked gunmen hijacked a bus carrying about 40 passengers Thursday at Mineralnye Vody's train station and ordered the driver to go to the airport. The kidnappers demanded \$15 million but did not receive any money, only the helicopter. In the three previous hijackings, authorities paid ransoms to secure the release of the hostages and then captured the kidnappers.

North Korean Deputy Premier Dies

TOKYO (AP) — A North Korean deputy prime minister died Thursday, and Prime Minister Kang Song San has been placed in charge of the funeral arrangements despite the recent defection of a man claiming to be his son-in-law, official North Korean media. said Friday.

Deputy Prime Minister Kang Hui Won, 73, died after an unspecified long illness, Radio Pyongyang reported. The appointment of Kang Song San to the funeral committee seemed to indicate that his power was not undermined by the defection of a transchipting to be his son; in law and that man claiming to be his son-in-law and that man's announcement in Seoul on Wednesday that North Korea had already built five nuclear bombs and was planning to build five more.

Japan Puts Brake on Military Budget

TOKYO (AP) - Japan's month-old cabinet acted Friday to set

the maximum increase in military spending next year at an austere 0.9 percent, one of the lowest levels in decades.

The low ceiling reflects strong pacifistic feeling in Prime Minister Tominichi Murayama's Social Democratic Party, and also a compromise by its coalition partner, the more bawkish Liberal Democrats.

Mr. Murayama, Japan's first Socialist prime minister in 46 years, has renounced his party's decades old position that the armed forces violate the constitution. He stressed, however, that Japan was restricted to the "minimum defensive power to defend the nation." Japan has about 250,000 troops in its armed forces.

Spanish Fishermen Call Off Blockade

BILBAO, Spain (Reuters) — Fishermen blockading northern Spanish ports agreed Friday to end their four-day action, undertaken to protest alleged illegal practices by French fishing boats. At separate meetings, the tuna fishermen of Galicia, Asturias, Cantabria and the Basque region agreed to open up harbors immediately and return to fishing starting at midnight Friday. The agreement followed assurances by the Spanish Ministry of Agriculture, Fisheries and Food as well as regional Spanish fishing officials that they would intered on strict European Union

fishing officials that they would insist on strict European Union inspection of fishing practices and tight local controls on the quality of imported lish.

A Mortar Attack in Ulster Wounds 48

BELFAST (AP) — A mortar attack blamed on the lrish Republican Army wounded 44 people in a border town Friday when one of three shells slammed into a shopping street. The other shells hit a police station, wounding four.

No one immediately claimed responsibility for the attack in Newry, 50 kilometers (30 miles) south of Belfast, but the IRA is the only group in Northern Ireland that has used mortars. An IRA

attack on the same police station in 1985 killed nine officers. A mortar shell was fired at the station in April but did not explode.

For the Record

Prime Minister John Major named Neil Kinnock as one of Britain's two members of the European Commission on Friday. Mr. Major blocked his appointment two years ago, when Mr. Kinnock resigned as leader of the opposition Labor Party after Labor lost the general election. (Reuters)

Aer Lingus Faces Walkout Over Cuts

usiest day of the year. Aer Lingus had asked the unions at its maintenance subsidiar team to cancel the demonstration at Dublin airport. Flights at

Eurotumnel has been given the green light to run trial trains through the tunnel under the Channel during the summer, a source at the safety commission said on Priday. Passenger trains, filled to half capacity with nonpaying guest passengers, will run for up to a month and a half.

(Reuters)

About 11 million people were expected to hit French roads this weekend as families who took summer vacations in July head

suspended Wednesday. Pakistan is to build a 850-kilometer rail line linking the country

Bombs Hurt 15 at Protest on Writer

DHAKA — Fifteen people were injured when four bombs were thrown Friday into a crowd of 100,000 militant Muslim Bangladeshis who had converged on Dhaka to demand the hanging of the writer Taslima Nas-

bombs were minor. It was not clear who had thrown the bombs. About 20 other people were injured and 30 arrested when police used

batons to disperse crowds.

her early 30s, became the target of Muslim fury in Bangiadesh when she was quoted by an Indian newspaper as saying Islam's holy book, the Koran, should be revised thoroughly. She says she was misquoted, while the

The march was organized by the United Action Council, which represents nearly a dozen radical Islamic groups, to press demands for Dr. Nasrin's death

The writer, now in hiding, has said in the past that Islam treats women as slaves.

Government and opposition lawmakers brawling on the speaker's podium of the National Assembly in Taipei on Friday.

lion), according to gallery offi-cials. The Turners alone are val-Taiwan Sets Direct Election of President

Hellmut Sceman, business director of the Schirn, expressed remorse not only for the lost paintings but also for the damage to his gallery's rep-utation for reliability. "Our TAIPEI - The National Assembly approved plans for the work is seriously threatened," Mr. Seeman told the German first direct presidential elections in Taiwan, in 1996, after a news agency DPA. "There can walkout by opposition deputies who earlier threw chairs and be absolutely no doubt of that."

traded punches with members Sabine Schulz, an art historian, added that the theft of of the governing party. "loaned paintings is worse than your own pictures."

In a separate theft in Amsterdam, the police reported that thieves broke into the Rembrandt House Museum early Friday and stole two 17th-century paintings by Pieter Last-man, one of Rembrandt's tutors. The two works are "The Crucifixion of Christ" and "The Lamentation of Abel."

The paintings are considered struggling, the guard managed to bave more histori to free himself and radio for than financial worth. to bave more historical value

All 58 members of the opposition Democratic Progressive Party walked out, accusing the governing Kuomintang of rail-roading the pobtical liberaliza-tion package, which had been under discussion since May 2. "We refuse to vote because

we cannot endorse the one-party-dominated amendments," said the Democratic Progressive assembly coordinator, Tsai Ming-hsien

By approving direct election of the president and vice president, the deputies eliminated one of the two functions of the National Assembly, whose oth-

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er role is to amend the constitu-

tive Yuan, makes laws. The assembly also voted to motion was approved. allow overseas Chinese to take part in the presidential and vice presidential elections, and to ing it and ripping out microtake away the prime minister's phones. They also set off fire-

voting on a motion to elect a The Parliament, or Legisla- speaker and deputy speaker for the next assembly session. That

Opposition members then rushed to the podium, overturnpower to veto senior personnel crackers and punched and nominations by the president. kicked government members.

fray. Opposition members retaliated by hurling chairs. Several deputies from both the government and opposition

sides were injured, and at least two were taken to the hospital. (Reuters, AFP)

their members to take off their

jackets and ties and join the

Simpson Mystery Witness Cited

Defense Seeks Records as Trial Date Is Set

LOS ANGELES - An attorney for OJ. Simpson suggested Friday that there was a myslery witness who could exonerate the former football star and demanded that prosecutors turn over investigative reports on the person before Mr. Simpson's trial, set to begin Sept. 20. The attorney, Johnnie Cochran Jr., said there was at least one witness to whom police have

talked "who has given testimony or evidence that is totally inconsistent with the theory of a lone assailant, and it's entirely inconsistent with the fact that Mr. Simpson is that assailant."

A source close to the case, speaking on condi-tion of anonymity, asserted that the mystery witness was a burglar who was casing the neighborhood when the killings occurred.
"He claims be saw two whites at the murder

cene." the source said. Mr. Simpson, a former football star, has pleaded innocent to two counts of first-degree murder in the deaths of his former wife, Nicole Brown Simpson, 35, and of Ronald L. Goldman, 25, on June 12. He has been jailed without bail since June 17.

8001-0022

during a hearing on a sweeping defense motion seeking total disclosure of evidence. Robert L. Shapiro, Mr. Simpson's lead attorney, even sought records of emergency room visits for cuts or dog bites during the 24 hours following the murders on the chance that Ms. Simpson's dog might have bitten the killer.

Superior Court Judge Lance A. Ito set Sept. 20 as the trial date and Aug. 9 as a date for a progress hearing on the sharing of evidence.

Meanwhile, a newspaper reported that Mr. Simpson told the police hours after the slayings that he did not know how he had injured his left hand. Mr. Simpson spoke with the police upon returning from Chicago the day after the killings. During the interview, the police observed an injury to the hand.

Mr. Simpson said "he didn't remember how he injured himself," according to Detective Philip Vannatter's grand jury testimony, which was reviewed by a Los Angeles Daily Journal

25, on June 12. He has been jailed without bail
Mr. Simpson's lawyers said he had cut his hand breaking a glass in a Chicago hotel room when he was informed of the murders.

TRAVEL UPDATE

DUBLIN (Reuters) — Union workers battling plans to cut jobs and pay at Aer Lingus said they would go ahead with protests and a walkout on Saturday, delaying flights on the Irish airline's

Dublin airport have been disrupted every day this week by union action, with regular delays of up to two hours.

home while people vacationing in August head for beaches; mountains and the countryside, the police said. (Reuters) Talks in Los Angeles between transit system workers and management were resuming Friday in the five-day walkout that has left commuters dependent on buses and cars. The talks were

to Central Asia, the government the Board of Investment said, Friday. The \$700 million line is to start in Nushki, in Pakistani Baluchistan, pass through the Farah and Herat regions in Afghan istan and end in Kushka, Turkmenistan. (AFP)

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THE AMERICAS /

Moderates Attack Clinton Welfare Plan

WASHINGTON - President Bill Clinton's welfare reform initiative is coming under unexpectedly broad attack in Congress, particularly from moderates in both parties whose support is critical to its fate.

In hearings on the plan before a House subcommittee this week, usually faithful Democrats were accusing the administration of pandering to public sentiment with simplistic political slogans rather than devising a system that belps the people who need it.

Administration officials seemed stunned by the reaction, which appeared to forecast a difficult trip though Congress for an initiative that the administration has characterized as one of its most popular with the public and a sure bet with

One of the harshest critics was Representative Robert T. Matsui, Democrat of California. During a bearing before the buman resources subcommittee of the House Ways and Means Committee, he pounced on element after element of the proposal, accusing administration officials testifying about the president's plan of forgetting their own research and drafting policy based on public opinion polls.

Members from both parties said the administration had underestimated the potential added health care costs that state and federal governments would have to pay if the plan were put in place.

Ethics Office Clears Legal Defense Fund

WASHINGTON - The structure of President Bill Clinton's legal defense fund is in accord with federal ethics laws, the government's chief ethics officer says.

Stephen D. Potts, director of the Office of Government

Ethics, offered his approval for the Presidential Legal Expense Trust in a July 22 letter to Michael Cardozo, the trust's executive director.

The text of the letter has now been released by overseers of the fund.

"I believe that the existence and proposed operation of this trust does not or will not violate any of the conflict-of-interest or gift statutes or the administrative standards-of-conduct provisions that are applicable to the president." Mr. Potts

He noted that Mr. Clinton may accept gifts but may not solicit them.

The defense fund, announced last month, was set up to help the president and his wife, Hillary Rodham Cimton, cope with mounting legal bills from a federal investigation into their Arkansas land dealings and a sexual-harassment lawsuit lodged against Mr. Clinton.

Health Care Keeps First Family in Town

NEW YORK — Haven't quite firmed up your summer vacation plans yet? That's all right. President Clinton doesn't know yet when be'll be able to get away from the office, either. With the bealth care debate reaching fever pitch and Congress threatening to postpone its summer recess beyond its scheduled start Aug. 12, all that Mr. Clinton has told his aides is that the first family will go to the Massachusetts island of Martha's Vineyard, probably for a few weeks before Labor Day.

Quote/Unquote

Donna E. Shalala, President Bill Clinton's secretary of health and buman services, on wby she is forgoing ber annual summer trek with friends in the wilderness: "My adventure this summer is health care reform.

Health Bill, With Clinton Stamp, Is Going to House Floor

By Dana Priest and David S. Broder Washington Past Service

WASHINGTON -- House Democratie leaders have agreed to send a bealth care bill including most of the major provisions sought by President Bill Clinton to the House floor, where it faces an uncertain fate.

While maintaining the bill's ambitious fea-tures for now, including universal coverage, they acknowledged that its main financing provision - the employer mandate - might not survive strong Senate opposition to requiring all companies to pay for their workers' health insurance. Leading Democrats said they had asked for an

early Senate vote on the provision. If the employer mandate fails in the Senate, as forecasts sug-gest, several of them said it would also fail in the House, forcing major revisions in the proposal or, some said, its abandonment.

As presented to party members Friday, the health bill would require most employers to pay insurance industry, prohibiting insurers from de-

more than three-quarters of each worker's health insurance. The goal is for coverage of all Americans by 1999. The Associated Press reported from Washington.

[The bill would also create a program for lowincome families, seasonal and part-time workers. the unemployed, and small businesses and their employees. Under the plan, all Americans will be guaranteed a benefits package including pre-scription drugs, mental health, preventive care, long-term care and women's health.

[Americans would be able to choose from several health plans, including at least one managed care plan, at least one plan in which people choose their own doctors, and a medical savings account, in which employers pay into an account and workers keep what they do not spend.]

As Mr. Clinton requested, the Democratic leadership bill would require employers to pay 80 percent of their workers' insurance premiums. It would place broad new regulations on the

nying coverage to sick people or those who have changed jobs. It would compel insurers to sell a must ultimately be reconciled in a conference comprehensive standard package of benefits to and be returned to both chambers for final ernment fee schedules for doctors and bospitals as a backup measure if market forces do not

adequately restrain inflation of medical costs. A meeting involving senior Democrats and the House majority leader, Richard A. Gephardt, Democrat of Missouri, failed to resolve the final language on abortion services, which were in-

cluded in the bills passed by the two House committees considering bealth legislation. The Democratic leaders agreed to cut back somewhat on the size of the proposed reductions in Medicare reimbursement payments - a major concern of hospitals. Those savings were to belp pay for the expanded insurance coverage.

The Democrats agreed to seek a compromise on the contentious issue of having the government pick up insurance costs for early retirees of hig companies, primarily in the auto and steel

everyone. It also would eventually impose gov- passage before going to Mr. Clinton for his

حكذا من الأصل

Mr. Clinton formally outlined his proposal lasi September, starting intensive debate on a measure described as the most significant piece of domestic legislation in at least three decades. Mr. Gephardt plans to bring the bill to the House floor on Aug. 8 or 9 and aims for a vote on passage by Aug. 13.

A draft of the Gephardt bill is portrayed as being deficit-neutral. An official estimate will be made hy the Congressional Budget Office

In addition to the required contributions from employers and workers, it includes a 45-cent-apack increase in the cigarette tax, a 2 percent excise tax on health insurance premiums and a similar levy on large companies that insure their

AMERICAN TOPICS

A Setback on Selling Anti-Baldness Drug

Upjohn Co.'s bopes of selling the anti-baldness drug Rogaine without a prescription are receding. An advisory panel of doctors and pharmacists has recommended by a vote of 10 to 4 that the U.S. Food and Drug Administration turn down the potentially lucrative marketing proposal.

The agency generally fol-lows the recommendations of its advisory committees, but is not required to. Upjohn has sold Rogaine as a prescription drug m the United States for six years.

An agency spokesman said it had been found that about two in five men using the product would grow "moderate amounts" of hair "within 4 to 12 months." For women, be said, one in five will grow "modest, discernible" hair within eight months.

To keep the new hair, the

spokesman said, both men and women have to continue spraying Rogaine, whose ge-neric name is minoxidil, on their scalps twice a day at a cost of about \$55 a month. For a drug to be sold over

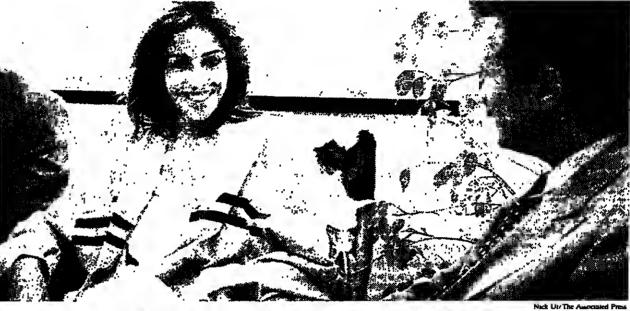
the counter, it must be safe and be for a condition that patients can easily diagnose themselves. That is the case for men, who do not need a doctor's help in recognizing the signs of "male pattern baldness," said Dr. Robert L. Reitschel of the Ochsner Clin-

ie in New Orleans. But the committee expressed concern that people, particularly women who experience a more diffuse bair thinning, might turn to Ro-gaine when the balding was caused by thyroid problems, anemia or even fungal infec-tions, which only a doctor could diagnose.

Short Takes

A man is on trial in Spokane, Washington, for allegedly hir-ing a hit man to skate past his estranged wife and prick her with a poisonous hypodermie needle outside a church on Easter Sunday, No attack was ever carried out, but James A. McClelland, 48, an insurance executive, is charged with murder for hire. A former employee, Mark Russell, said Mr. McClelland had offered him \$10,000 to glide past Mrs. McClelland on skates and jab

While sheriff's deputies grappled with a 6-foot-7-inch (2-meter) 280-pound (128-kilogram) drug snspect in Dania, Florida, one James Sullivan stood by and



KEEP SMILING — Heidi Fleiss talking with her attorney in Beverly Hills after the accused "Hollywood madam" was indicted with her father for tax evasion and money laundering. She already faces trial on charges of pandering.

watched. A deputy who dropped his radio during the five-minute struggle ordered Mr. Sullivan to pick it up so the officer could call for backup. "Are you crazy?" Mr. Sullivan responded, according to authorities. After the deputies finally subdued the suspect. they charged Mr. Sullivan with failure to aid an officer. The penalty is up 60 days in jail and a \$500 fine.

Tom Shales, television critic

for The Washington Post, says tongue-in-cheek that be is starting a new "Peace & Quiet" TV channel where "your senses will not be assaulted." On PQTV: "Our cameras bold still, they don't shake, they don't quake," and "you don't need Dramamine. "We hire directors who are not on drugs, and who do not think the attention span of the viewing andience is limited to .03 second per picture."

Rubber flippers that fit around the ankle to make swimming easier have been around for around for half a century. Now comes the Monofin, essentially a single large flipper that attaches to both ankles. This gives the user the appearance of a mermaid and, according to Emily Prager of The New York Times, the swimming atilities of a mermaid as well. "Lock your knees, and make an 'S'

curve with your body," one manufacturer advises. "Arms straight out in front, head between arms, palm over palm. Use your hips to propel you. Swim like a dolphin. Undnlate." Miss Prager reports, "No froggy flailing of the arms and the legs, the movement was all in my torso." She concludes, "No wonder mermaids yearn to return to the

Shotgun Fire Kills 2 at Clinic, Abortion Foe Held

Compiled by Our Staff From Dispatches
PENSACOLA, Florida — A man firing a shotgun killed two men at an abortion clinic Friday and wounded a retired nurse who worked there. A militant anti-abor-

tion activist was arrested.

The police identified one of the dead men and the wounded woman as a hus-... band and wife who worked as escorts at the clinic. The police would not immediately identify the second man killed, but witnesses said they believed he was a clinic doctor.

The two men were shot in the head with

a 12-gauge shotgun, the police said.

The director of an anti-abortion group called Defense America, Paul Hill, was taken into custody immediately after the early morning shooting at the Ladies Cen-ter for Abortion, a police spokesman said. Mr. Hill, whose group is based in Pensa-

cola, is known for advocating the use of force against abortion clinics and doctors. He has been arrested several times for his anti-abortion activities.

It was the third shooting at an American abortion clinic since March 1993, when a doctor was fatally shot outside a different

clinic in Pensacola.

Mr. Hill founded his group after the carlier killing. He has been outspoken in defending the use of violence to prevent abortions.

"If an abortionist is about to violently take an innocent person's life," Mr. Hill said this year in an interview, "you are entirely morally justified in trying to prevent him from taking that life."

A witness told a local radio that the gunman had casually walked toward the clinic, then fired 6 to 9 blasts at the three tle the suspect to the ground and handcuff him after the shots. The police routinely patrol the city's two abortion clinics, where

James Herman Barrett, 74, of Pensacola, and the wounded woman as his wife, June G. Barrett, a retired nurse. Mrs. Barrett was admitted in fair condition at Baptist Hospital, a spokesman said.

Witnesses said they saw the police wres-

protesters meet regularly to picket. One of the dead men was identified as

Away From Politics

• An explosive forest fire in central Washington state has forced more evacuations while crews in Oregon contained a giant range fire on the Warm Springs Indian Reservation. A spokeswoman for the Northwest Interagency Coordination Center in Portland said more than two dozen major wildfires had blackened 120,000 acres (48,000 hectares) of forest and range in the two states since last weekend.

Tornadoes tore into Philadelphia's suburbs, killing a family of three. A man and a baby who were blown through windows were recovering. The three tornadoes, with winds up to 200 miles (320 kilometers) per hour, injured 30 people and destroyed 15 homes.

Baltimore has imposed a tightened curiew designed to keep children off the city's crime-plagued streets late at night.

A woman shot a teacher to death as small children were present in a day-care center in a Philadelphia suburb, the police said. No children were wounded in the shooting in Lower Merion.

• A small airplane but an apartment house a block from a Wisconsin airport, killing a pilot and a passenger, the police said. No one in the Racine building, which houses the elderly and disabled, was injured.

• A woman accused of killing her 2½-year-old daughter by forcing her to stay in a tub of cold water all day was convicted of involuntary manslaughter — 25 years after the girl died.

Anita Vega, 52, was convicted in Indiana largely on the testimony of another daughter who said her mother had threatened to kill ber if she told anyone about the episode.

which started out as punishment for the toddler's bed-wet-



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A federal law enacted in May in response to abortion-related violence carries a possible life sentence if death results from clinic violence. The U.S. Supreme Court in June upheld protective buffer zones around clinics, saying protection for clinic patients and abortion providers was warranted by confrontational protest tac-(AP, Reuters)

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Help Rwandans Go Home

In the first phase of relief for Rwanda, the desperate need was to pour in food, water, medicine and emergency services. This phase, though launched late and far from complete, is saving lives. Already. however, a more demanding second phase is upon the helping nations: to restore conditions that will draw the millions of displaced and exiled home. The problem is not just logistical - rebuilding an eviscerated infrastructure practically from scratch. For Americans it is political — summoning the resolve to tackle a mission that inevitably recalls Somalia. There, an American-led humanitarian success became a "nation-

building" fiasco. The shadow of Somalia now falls over Washington. This should not be, for Rwanda is no Somalia. Unlike Somalia, which had fac-tions and tribes fighting (still) for power. Rwanda now has a single victorious force and the basis of a national political pro-cess reaching across tribal lines. Unlike Somalia, Rwanda does not threaten military defiance to friendly outside intervenors. Special factors brought about the casualties and humiliation that undid American policy in the one place. The other place is different.

These considerations should govern the key choice now lying before the American government of where to cen-ter its relief operations. Somalia-haunt-

ed ottictals would base them in Entebbe, Uganda, or in Goma, Zaire, where a million or more Rwandan refugees sit. But Entebbe, though big and safe, is nearly 500 kilometers from the refugee sites. To provide the requisite airport facilities, connecting roads and supply depots either there or in Goma would disperse resources and prop up the local strongmen. By contrast, to fit out the Rwandan capital of Kigali, where the United Nations is already flying, would make logistical sense. It also would light a beacon to call home the millions of uprooted Rwandans.

Rwanda, scene of massive massacres before cholera started felling survivors, is now a wasteland - but not entirely. Fall crops remain to be harvested if farmers can return quickly. Reconstruction of de-stroyed bridges, schools and markets of-

fers various job opportunities.
Such projects raise suspicions of "mission creep." But it is not enough to purify the water and bury the dead. It is necessary to help rebuild communities so as to hand off national revival to the international banks. It helps to keep in mind that the condition from which Rwanda is being saved is not just a spell of bac luck but genocide. The United States bas an obligation to join others in enabling sur-

Get the Koreas Talking

In an attempt to discredit North Korea, South Korean intelligence trotted out a defector this past week who said the North had five nuclear bombs. Although Seoul has now distanced itself from his claim, this was the latest in a series of spats that erupted after the North took offense at the South's unwillingness to offer condolences on the death of President Kim II Sung. The sparring could slow resumption of negotiations critical to talking the North out of its nuclear program.

North Korea is unlikely to abandon that program unless its broader political and security concerns are met. Those concerns cannot be addressed by Washington and Pyongyang alone. South Korea needs to be constructive about advancing its own dialogue with the North.

The United States wants to make the North's temporary nuclear freeze permanent. To do so, it needs a verifiable ban on facilities that reprocess spent nuclear fuel into plutonium for bombs. On Dec. 31, 1991, the North and South agreed to just such a ban and to inspections to verify compliance. They now need to carry out that agreement.

North Korea, in turn, wants security assurances, preferably a peace treaty to replace the Korean War armistice of 1953. The United States is telling the North to talk to the South, citing a Dec. two Koreas "to transform the present armistice regime into a firm state of peace" and to build mutual military confidence and reduce arms. But Pyongyang wants a peace treaty with Washington as

well. That effort needs to proceed in tandem with North-South talks.

By not offering condolences, South Korea's democratic government was trying to appease citizens victimized by the Korean War. But the South also seems less eager to talk to the North now. That may reflect Korea's Confucian tradition of deference to elders, which made it appropriate for South Korea's president to go to Pyongyang to meet the elder Kim, but not his younger heir.

There is another, less benign reason for the South's hesitation. In the past, it has

blown hot and cold about talks between Washington and Pyongyang — hot whenever the talks sputtered and cold whenever they took off. Worried that North Korea was trying to upgrade relations with Washington at its expense, Seoul insisted that Washington condition talks with the North on resumption of North-South negotiations, Last April, fearing a slide toward confrontation,

Seoul dropped that condition.

Then came the Jimmy Carter-led breakthrough. Kim Il Sung agreed to freeze his nuclear program and resume talks with the United States. He also pledged to meet with his southern countexpart, Kim Young Sam, a sign that talks with Washington would not come at Seoull's generate. But hefore they could Seoul's expense. But before they could meet, the elder Kim died. In the ensuing again got out of phase, impeding efforts to resolve the crisis. Washington needs to encourage both Koreas to stop the propaganda barrage and resume negotiating.

-THE NEW YORK TIMES.

vivors to redeem their lives.

-THE WASHINGTON POST.

Israel's Next Task: Complete the Peace

By Anthony Lewis

BOSTON — Even Israelis who are usually skeptical of peace with Arabs are happy about the rapprochement with King Hussein of Jordan. For them he is the model of a moderate Arab leader. In that there is much irony.

Israel could have made a deal

with King Hussein decades ago. He was ready to exchange peace and recognition of Israel for return of the territory won from him in the war of 1967.

Prime Minister Rabin told me, years ago, that he had negotiated with King Hussein on behalf of an earlier Labor government and agreed on return of the West Bank. But the deal foundered on Jerusalem, he said: The King said he must get back East Jerusalem, but the Israeli government would not give up the Greater Jerusalem it had declared after 1967.

If agreement had been reached then, the West Bank would be ruled by the King today instead of heading for Palestinian governments under Yasser Arafat, whom so many Israelis distrust.
Of course Palestinians might well
have become increasingly restless
under King Hussein's rule, wanting to govern themselves; but that would have been his problem.

An early agreement would also have left the occupied territories without the numerous Jewish settiements that make a permanent arrangement so difficult to negotiate now. Religious zealots began planting settlements in the West Bank under Labor, before Menachem Begin formed Israel's first

Likud government in 1977.

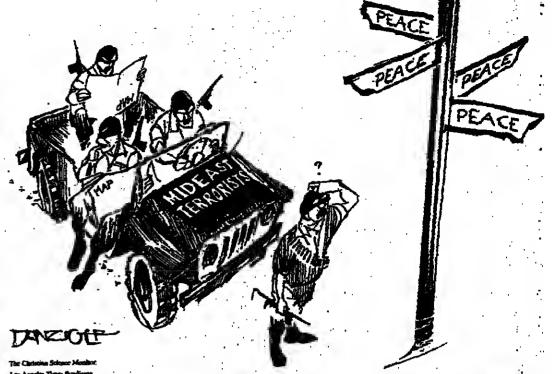
The irony is more than history. It points to a crucial reality of Israel's present situation: To enjoy the tranquillity it needs with its neighbors, Israel cannot rest on pleasant options like hand-shakes with King Hussein, it has to tackle the hard problems.

It is Palestinians, more than 1.5 million of them, who live in the West Bank and Gaza. Israel has to reach an agreement with their leadership in order to shed the burden of occupation, which Mr. Rabin said "has corrupted us."
Agreements with King Hussein

will hardly satisfy the political as-pirations of those Palestinians. Their loyalties are mainly to Mr. Arafat and the Palestine Liberation Organization or to Hamas, the Islamic fundamentalist group. Indeed, King Hussein felt able to take his public step toward peace with Israel only because Mr. Arafat had done so first.

Mr. Rabin well understands that be must deal with the Pales-tinians if Israel is to have any hope of real peace with the people closest to it. That is why he put personal feelings aside and shook
Mr. Arafar's hand.

The other strategic factor that drove Mr. Rabin toward last



September's Declaration of Principles with the PLO was the desire to minimize fundamentalist influence. Giving power to the PLO might stop the rise of support for Hamas. (Mr. Arafat, it should be said, can establish his legitimacy only by going ahead with elections in the West

Bank and Gaza this fall.) The same logic underlies the even more difficult effort, led by Secretary of State Warren Christopher, to bring about a peace agreement between Israel and Syria. For the goal here is not just the treaty and diplomatic rela-

tions that Israel wants, or the recovery of the Golan Heights for Syria, but a broader realignment of moderate and extremist forces in the Middle East. Hafez Assad has suppressed Is-

lamic fundamentalists in Syria, massacring thousands at Hama. But he has made Iran a great ally and allowed the planting of Iranian terrorist forces in Lebanon. Extremist Palestinian groups op-posed to peace with Israel have their headquarters in Damascus. With the loss of his main arms supplier, the Soviet Union, Mr. Assad has moved toward better camp of violence. A peace agreement with Israel would necessarily be a decision by him to be on the

moderate side, with all that would mean for southern Lebanon, too. The importance for Israel of tackling the hard problems - giving Palestinians political independence, settling with Syria — was underlined by the bombings of Jewish and Israeli targets in Buenos Aires and London. It is essential to isolate the settlement of the settlemen tial to isolate terrorism and, so far as possible, remove its causes.

The New York Times.

America's Turn Toward Germany — and Away From 'Europe'

PARIS - When President Bill Clinton was in Europe earlier this month, he proposed a new and special relationship between Germany and the United States. He also used a new expression, the "European Trans-Atlantic Community," to describe cooperation between the United States and members of the European Union, and asked that it be extended to

the Central and East European countries. These were significant statements because they come out of a new American assessment of Europe and they identify a

new American policy.

Last year, the Clinton administration was criticized for its hasty embrace of Asia and the Pacific Rim. Now it has reconsidered the weight of Europe in world affairs and the world economy. It also considered how Europe reacted to certain changes in U.S. policy during the early months of this administration. The result is a decision for further change.

The Bush administration followed all

By William Pfaff

United States has played in European affairs since the war. Mr. Bush even tried to strengthen the American role by making NATO into a politico-strategic directorate for all the Western powers, with the European Community and its institu-tions subordinated to NATO.

That ended when Bill Clinton came to office. While previous administrations viewed any attempt to create an autonomous European army as a threat to NATO, the Clinton administration endorsed the Franco-German program for an integrated European army corps. Mr. Clinton also gave his support to European efforts to enlarge the role and responsibilities of the Western European Union.
Like Mr. Bush, Mr. Clinton called the

Yugoslav crisis a European responsibil-ity and said the United States would back whatever the West Europeans deits postwar predecessors in giving firm, but qualified, support to European unification. The qualification was that there be no weakening of the leading role the

pressures on the Serbs and an end to the UN arms embargo on the Bosnian government. The West European governments would not agree. Eventually, NATO did carry out several air strikes, but European and UN hesitations drastically reduced their effectiveness.

In Washington, these events discredit-ed those who had said the European Union was now mature, the European powers sure of themselves, capable of managing the problems of their region. Mr. Clinton's people had wanted to believe that, since it would have allowed the United States to gracefully and safely limit its European role and focus instead on domestic reform. The outcome is the new policy, whose initial elements Mr. Clinton announced in Germany.

Germany is the largest and economically most powerful European state. Washington therefore intends to establish an essentially bilateral strategic partnership with it. Germany is expected to dominate the European Union and assure that what Washington calls "trans-Atlantic mechanisms" are built into the evolving struc-

The assumption made in Washington is that the adventure of European integration has come to a halt. Washington be-Keves that Europe has shown itself incapable of becoming the true union of states that the original six nations of the Community, and then the 12, at Maastricht, aimed to become. "Europe" will survive as a cooperating bloc of independent na-tions, with shared values and intimate economic relations. But the U.S. government will not have an interlocutor named "Europe" because, as a political and strategic entity, there will be no Europe. There will be European nations, and the strongest of them will be Germany. The new U.S. policy follows from that.

The policy leaves open the chance for a truly integrated Europe, if the Europeans could produce it. But for now the U.S. administration has concluded that it will not be. Washington has greatly lowered its assessment of the responsibilities the Europeans can handle. If Europeans do not like this appraisal, or this policy, they have only themselves to blame.

International Herald Tribune

Gauging Export Controls

ingly innocuous machine tools and chemicals to manufacture nuclear and chemical arms. That is why the United States and other industrial powers have long sought to restrict the export of dual-use products that have civilian applications but can also be used in making weapons.

Although such restrictions have barred sales of less than 0.1 percent of all U.S. exports, American manufacturers still chafe at the restraints on trade. Unfortunately, the House has heeded them and is considering a bill that goes too far to ease the restraints. A bill now before the Senate strikes a better balance.

A major complaint of U.S. exporters is that while they await license approval, foreign competitors can close deals. For that reason, it makes sense for Congress to set deadlines that expedite licensing decisions. But the 40-day deadline in the House bill is too short for the tough cases

now confronting regulators. The Senate bill's 60-day period seems more appropri-ate, though the Senate might permit even more time for tough cases that are kicked

up to the president to resolve. American companies are also justified in complaining about export controls that the United States alone imposes, putting them at a competitive disadvantage. Export controls work best when other states apply them as well. But the House could make it too difficult for the United States ever to impose controls unilaterally. Sometimes the only way to get multilateral controls is to have the United States set tough restrictions of its own and persuade other countries to follow suit.

The Senate is taking the more balanced approach toward relieving unnecessary burdens on American exporters without undermining the fundamental goal curbing weapons proliferation. - THE NEW YORK TIMES.

WASHINGTON - It is said that when John Kennedy was asked bow he would an-

nounce that he had picked his brother to be attorney general, be replied that he would open the door at 2 A.M. and whisper, "It's Bobby." In somewhat the same manner, Pope John II had Kurt Waldheim report to the Vatican Embassy in Vienna to receive a papal knighthood. Mr. Waldheim, of course, accepted.

News of the knighthood sort of sauck into the United States, via

the Catholic News Service, and was confirmed by Roman Catholic authorities in Washington, As it happens, stealth is what Mr. Waldheim would need to get into the country, since, ex-president of Austria and former United Nations secretary-general though be be, he is persona non grata. His wartime service has long been in dispute. What is not in By Richard Cohen

dispute is that he was an intelligence officer attached to units that committed atrocities. In addition, he lied about his wartime activities and has since conducted himself as if he had nothing to be ashamed of.

He is the personification of the nonentity without whom the Holo-aust, not to mention the massacres of other peoples, would have been impossible.

Still, the Pope made him a Knight of the Ordine Piano, an bonor established by Pius IX in 1847. He was particularly cited for humanitarian services as UN socretary-general. The July 6 ceremony, however, was so discreet that it was virtually a secret.

It was held in Vienna, not in Rome, and the award was presented by the papal nuncio and not the Pope himself, although he was the only one who could have anthorized it, ft was as if the Pope

Now It's Waldheim the Knight, Courtesy of a Forgetful Vatican

wanted to have it both ways -honor Mr. Waldheim and yet not harm his historic efforts to improve Vatican-Jewish relations. The new honor is hardly a departure for the Vatican. Back when the then president of Austria was ostracized by much of the

world community, it was joined only by some Arab and Commucountries in treating Mr. Waldheim as if he were just another head of state. To the Vatican, his postwar career seems to. be the only thing that matters. It seems to agree with him that he should be judged on his efforts at the United Nations or service to

his native country, and not on anything that happened in his vicinity during the war. The extermination of Salomika's Jewish community, for instance, goes unmentioned in

his autobiography.
Predictably, it is Jewish organizations that protested the knighthood. This cast the incident in what you might call a Farrakhan mold — a Jewish-black controversy in his case, a Jewish-Vati-

can dispute in this one.

That misses a much larger point. Mr. Waldheim's lies — as much as Louis Farrakhan's anti-Semitism — are more relevant to the universal fight against bigotry and falsity than they are to the hurt feelings of Jews. In Mr. Waldheim's case, the Vatican did not merely insult Jews, but it did honor a liar whose complicity in the Holocaust, no matter how passive, he never acknowledged.

That point was not missed by Vaclav Havel, the Czech Republic's president. In 1990 he gave the keynote speech at Austria's Salzburg Music Festival, with

Mr. Waldheim in the audience, and talked about the importance of truth. If we cannot be truthful about the past, he said, we cannot be truthful about the present.

Kurt Waldheim is probably no war criminal. He was a careerist who punched a ticket through the Holocaust. He wore the uniform of the German army, but he was essentially clad in the garb of moral indifference. Had the Nazis triumphed, so would he have. When they lost, he made sure he did not. He shed his past.

For the Pope to honor such a man dishonors both the Pope and the Vatican. For Mr. Waldheim, the knighthood is a symbolic exoneration. Mr. Havel's reproach, Jewish sensitivities they are all rebuffed. Mr. Waldheim is knighted and truth, his most obstinate foe, dangles from

the end of his lance. The Washington Post.

Other Comment

Stop Terror With a Wider Peace

The Arab-Israeli conflict is fading into history. There are troubling signs, however, that it could be subsumed into a new, less clearly delineated struggle, the cam-paign fired by Islamic extremism. Israel protects itself against terrorism with rigorous preventive measures and with the threat, and usually the actuality, of fierce retaliation. But Israel's only political hope may be to undermine [the extremists] by whipping away their support or credibility.

Peace with Syria would be a hig step in this direction. Syria controls the movement of many would-be activists, both secular and Islamic. A number of secular rejectionist groups in Damascus are under its thumh and, by its presence in Lebanon, Syria has a say over what Hezbollah does. No less important, Israel needs to help the Palestine Liberation Organization to prove that it is not, as both Islamic and secular rejectionists scott, trapped in a Gaza-Jericho cul-de-sac.

- The Economist (London).



International Herald Tribune ESTABLISHED 1887 KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

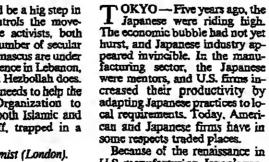
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The state of the s



Because of the renaissance in U.S. manufacturing, Japan's prolonged recession and the continuing appreciation of the yen against the dollar. Japanese business leaders are examining American business practices with renewed interest and emulating some with interesting results.

Discount stores and catalogue sales have boomed as Japanese consumers seek high-quality products at more reasonable prices. Daiei, one of the nation's largest chain stores, says it will seek to reduce retail prices by 50 percent over three years.

In industry, reliance on longestablished suppliers has been tempered by the need to remain competitive. Early this year, Mitsuhishi and Honda hroke away from the auto industry's exclusive reliance on Japanese steel suppliers to purchase materials from South Korea. Fujitsu has announced plans to triple its parts and material purchases abroad

The prolonged recession is also

forcing a reassessment of key fea-

By Michael H. Armacost

tures of the national management system: lifetime employment, seniority pay and cross-shareholding. These practices were affordable when Japan's economy was growing rapidly. They have become a very expensive luxury in an economy that was stagment last year and is projected to grow by only 1 percent in 1994.

Thus Japanese executives are now studying America's experience with corporate downsizing, merit pay packages and investment practices. Restructuring has been difficult in the United States. It is

even more painful for Japanese managers, since their society places a higher priority on preserving social harmony, avoiding adversarial labor relations and nurturing insider links.

Yet for some, change will be unavoidable. Little wonder that there are nearly 50,000 Japanese students at U.S. universities and that Japanese corporate leaders are fascinated by start-up compa-nies spawned by Silicon Valley.

The renaissance of America's high-tech manufacturing has prompted considerable soulsearching in Japan. Journalists, politicians, bureaucrats and business leaders complain that Japan, despite its extraordinary prowess in manufacturing, has not had comparable success in developing new information-age technologies.

Japanese industry remains preeminent in making computer hard-ware, but American firms domi-

nate the software sector. Thoughtful Japanese acknowledge a need to cultivate creativity, originality and entrepreneurship, qualities that have traditionally been encouraged in the U.S. educational system. There is growing awareness that excessive regulation has stilled innovation in such sectors as telecommunications.

Fujitsu has begun urging employees with innovative ideas to spin off from the parent company and explore them. It has promised that should these efforts prove successful, it would consider acquiring shares in the new ventures at a huge markup. NEC is reportedly examining the possibility of setting up a U.S. soft-ware development house almost entirely staffed by Americans.

This learning process is not confined to the manufacturing sector. Wal-Mart Stores recently established links with two of Japan's supermarket chains, Ito-Yokado and Yaohan, to form a worldwide network to develop. purchase and distribute discount goods. The Japanese companies will learn much from Wal-Mart's high-volume, low-cost operation. Wal-Mart will benefit from its exposure to the Japanese retailers' inventory control and mer-chandise ordering systems.

These changes come in re-sponse to market pressures and reflect a growing conviction in Tokyo's business circles that Japan's regulatory system, which once guided the "economic mircan also diminish efficien-

cy and stifle innovation. There is a lesson here for American negotiators. If they focus their negotiating effort on ac-

Look Who's Teaching Japan the Economic Restructuring Game celerating regulatory reform, they are more likely to elicit the support of significant constituencies in Japan and encourage a process of change that is now under way:

> The writer, ambassador to Japan from 1989 to 1993, is-a fellow at Stanford University's Asia/Paafic Research Center. He contributed this to The New York Times,

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Gold Conspiracy?

NEW YORK - The drain of gold from America may be the result of a monarchical conspiracy against Republican institu-tions in the United States. It is in a letter to a New York man of social and business consequence that this startling theory is brought forward. The letter goes into details which suggest that the writer has spent much time and

1919: Polish Pogroms

study on the question

PARIS - That which happened in Poland was worse than the Russian pogroms which aroused the indignation of the civilized world. Jews were massacred in Kishmeff and Homel and scores of other places in Russia, organized by the Tsaristic Government. But the outrages in Poland assumed a definite policy of ven-

geance as a result of years of agitation against Jews in Poland They were typical Polish Pogroms, anti-Jewish riots accom-panied by brutal executions without trial, by mockery, tortures, derision, by looting and pillaging.

1944: Massacre in Italy ROME - [From our New York

edition:] Captured files from the office of the Fascist police chief at Arezzo have revealed that German troops of the Hermann Goering Division perpetrated on April 11 what is believed the worst civilian massacre of the Italian campaign, in the town of Stia, twenty-five miles northwest of Arezzo, it was disclosed today [July 30]. A total of 103 bodies have so far been identified. These are only a few of the people massacred by the Nazis in a wholesale. reprisal for the shooting by partisans of two Germans.

Tehran Assails U.S. On Move to Isolate It

Compiled by Our Staff From Dispatches
TEHRAN — Iran on Friday assailed the United States over its call for the economic isolation of the Islamic republic in connection with terrorism accusation, saying Washington was blitded by hostility" toward

The stand taken by the United States is unfounded and irresponsible," the Iranian unission at the United Nations was queted as saying. "It aims to ham Iran's relations with other countries." The Iranian response was reported by Tehran

Mr. Christopher urged U.S. affics on Thursday to isolate Iran economically because of its patronage of terrorist groups, saying that Hezbollah and other organizations like it must be conquered.
"Groups like Hezbollah that

wreak havoc and bloodshed must be defeated,," he said. "And Hezbollah's patron, Iran, must be contained Mr. Christopher also called

kanan "outlaw nation." Washington, along with Israel, suspects Iranian-backed organzations such as the militant Hezbollah, based in Lebanon, of involvement in bomb attacks this week of Israeli and Jewish targets in London and the July 18 car-bombing of a Jewish community center in Buenos Ares that killed at least 96 peo-

police at Schiphol Airport south of Amsterdam held four arriving passengers for several hours Friday on suspicion that they might be linked to the attacks in London, but released them after questioning.
The police there said a British

passenger who had been on a KLM flight from London with the four had told members of the cabin crew the woman resembled a composite drawing of a bombing suspect issued by British police. (AFP, Reuters)

■ Dispute Over Informant James Brooke of The New York Times reported from Bue-

A dispute has erupted over the credibility of Mannchehr Motamer, the Iranian refugee who reportedly identified four Iranian diplomats as the planners of the bombing of the Jewish community center.

"The testimony he gave me was of great importance to shed light on the facts," the investigating judge, Juan Jose Ga-leano, said of Mr. Motamer, 38.

Argentine diplomats described him as a former employee in the Iranian Foreign Ministry, coordinating transfers and preparing accredita-tions for Iranian diplomats. But the Iranian Embassy in

Buenos Aires said that Mr. Motamer "not only was never a diplomat, but he was never an lk. employee of the government of In another development, the the Islamic Republic of Iran."



ten targeted military officers in its 25-year armed campaign for The explosion came in an

General Francisco Vegnillas was passing in his armor-plated car when the bomb exploded in

was a 24-year-old worker who was leading a truck nearby. At least 4 people were wounded, 4 seriously, the police said, including two municipal police officers and at least two para-

miliary Civil Guard troopers.... A government spokesman, Galriel del Canto, said the poice "obviously" considered ETA the prime suspect in the mant.

UN Envoy

Seeks Serb

in the country.

the plan

bombing ETA, a Basque-lan-guage acronym for Basque Homeland and Liberty, has of-

area frequented by tourists visiting the royal palace and the capital's historic district. The palace is used only for ceremo-nial occasions; King Juan Car-los I lives outside of Madrid.

The last ETA action in Mawas gunned down June 1 as he left his home near Retiro Park.

On Wednesday, a suspected ETA gunman shot and killed a Sebastián. Mr. Olarte had been accused of being a police infor-mant. (Reuters, AP) fenders.



A Rwandan boy, stricken with cholera, lying against a Doctors Without Borders tent Friday in a camp north of Goma.

GOMA: Fleeing Hellish Refugee Camps, Rwandans Begin Trickling Home

border to Zaire but now feel betrayed and abandoned. They now retrace their steps by the thousands, forming a nearly unbroken line of people, moving from the night-mare and death of Goma to the fertile hillsides of this section of northwestern Rwanda.

They are willing to take their chances with the rebels now in control of the country rather than risk almost certain death from hunger and disease in Zaire.

The movement can still be called a trickle. Officials of the aid agency Doctors Without Borders estimated that 50,000 people had crossed the border to Rwanda during the last few days — a small fraction of the estimated 1,2 million Rwandans who fled to Zaire. The actual number of returnces may be higher because many

may not pass through the official border crossing but instead traverse the hills separating the two countries.

But relief workers said the steady trickle could soon become a flood, with condi-tions in the squalid Zairian camps showing only modest improvement. More and more refugees are gathering the strength to chal-lenge the deposed, hard-line Hntu government, which has mounted a campaign of propaganda and intimidation in the refugee camps of Zaire.
The United Nations High Commission-

er for Refugees has dropped its position of neutrality and said it was now "facilitating and encouraging" the refugees to return to Rwanda. A spokesman, Ray Wilkinson, said he was encouraged by the trickle back, saying that "the repatriation has, in some sense, been going according to plan."

"We don't want massive numbers of people going back at the same time," he

UN and relief agency officials said they hoped word of the returnees' experience would filter back to the camps: that the Rwanda Patriotic Front guerrillas who have taken charge of the country are not set on vengeance against civilians of the Hutu majority. Militias backed by the former Hutn government in Kigali are hlamed for the vast majority of an estimated half-million killings during a genocidal bloodbath that began April 6.

Relief workers say that many thousands more Hutu, perhaps most, want to go home but have been frightened by former government officials who warn that the Tutsi rulers will exact gruesome ven-

Unions Delay Talks With Nigeria Rulers

مكذا من الأصل

Compiled by Our Staff From Dispatches

LAGOS — Negotiations to end a strike by oil workers pressing for democracy were postponed Friday, and violent protests continued for a fifth day against Nigeria's military

Officials said a meeting between oil-industry unions and the government could not take place because the parties were not ready, and would be held on Monday instead. It was the second postponement of the week.

The workers walked off the joh about five weeks ago in support of Moshood K.O. Ahiola. who is presumed to have won the June 1993 presidential election that was voided by the mil-

Chief Abiola was arrested last month, and his detention has thrown the country into economic and political crisis. One of the oil unions said Friday that it would not take

part in the talks while Chief Abiola remained in detention. The union also said it would stay away from the talks to protest the killing of two demonstrators by security forces on trial for treason. The trial is to

resume next week. The strike in the key oil industry has brought Nigeria's

commercial life to a virtual halt. Riots and protests continued for a fifth day Friday in cities and suburbs around Lagos, Nigeria's largest city and the cen-ter of opposition to the military government of General Sani

Thousands of rioters erected street barricades and burned tires in a university town just outside Lagos, while the police responded with tear gas.

The Guardian newspaper in Lagos reported that protesters in nearby Shagamu attacked a prison late Thursday and freed Il 200 inmates.

The riots Friday followed fierce protests in Ahuja, the capital, and in Lagos on Thursday, when the Reverend Jesse
L. Jackson led a U.S. delegation
on a mission to persuade General Abacha to return Nigeria to
democracy, Mr. Jackson left the country on Friday.

The Guardian reported that one of the two protesters killed in Lagos on Thursday was Deji Giwa, the head of a prominent Thursday outside a courthouse where Chief Abiola has been on human-rights coalition. (AP.

RWANDA: U.S. to Send Troops

Front, already have fled to the Goma region of Zaire, north of Lake Kivu.

Mr. Hansen said UN efforts to replace the French with a 5,500-man force were proceed-ing "painfully" slowly, and it would take a miracle to have a sizable number of troops in place before France completed its withdrawal. He called it "imperative" for the international community to act swiftly to prevent the flight of the 1.6 million people in the security zone.

They would swell the 500,000 to 600,000 refugees already in the Bukavu and Uvira regions of Zaire south of Lake Kivu, and stretch international aid capacity heyond the hreaking point. Cases of cholera already have been reported at Bukavu. In Washington, Mr. Clinton

asked Congress on Friday to approve \$320 million of extra aid, hringing the total U.S. con-tribution to the humanitarian effort to nearly \$500 million

Mr. Balladur said his governplete the withdrawal hy Aug. pires. Officials in Paris said that asked and if we wish."

if France gave any hint it was prepared to extend its operation, there would he no pressure on other countries to contribute troops to a UN force. "We will ensure that everything is done with advance notice and the necessary handover periods," Mr. Balladur said.

France launched Operation Turquoise on June 23, describing it as purely humanitarian. It set up the security zone July 4 as the Patriotic Front launched its final assault on government forces, and warned it would open fire if the front's forces tried to penetrate the zone.

The French received no support at the time, either from their European partners or from African countries. The Patriotic Front accused France. which had armed and assisted the defeated government, of protecting Hutu mass murderers responsible for the death of hundreds of thousands of Rwandans, most of them Tutsi.

Operation Turquoise involves about 2,500 men in Rwanda and eastern' Zaire. Mr. Balladur said some troops might remain in Zaire after the pullout from Rwanda "if we are

Spain Suspects Basques In General's Slaying

Compiled by Our Staff From Dispatches MADRID — The army general in charge of Spain's defense policy was killed along with two other persons Friday when a car bomb, believed to be the work of Basque separatist gnerrillas, exploded in central Madrid.

Plaza Ramales, about 200 meters from the Royal Palace.
Geieral Veguillas's driver was aso killed. The third victim

drid was when Brigadier Gener-al Juan José Hernández Rovira

CRIME: Congressional Negotiators Back \$30.2 Billion Anti-Crime Bill

Continued from Page I

ing illegal immigrants who commit crimes, a political and legal issue in California and Florida.

About \$7.3 billion for pre-vention programs would go to youth recreation, employment, anti-gang programs and drug treatment. An additional \$1.3 businessman. José Manuel: billion would establish special Olarte, in the Basque city of San "drug courts" that would provide treatment and monitor first-time, nonviolent drug of-

sault weapons, copycat models the ban. and large-capacity gun clips was at the cost of relaxing the so-called Brady law, which reState legislators from quires a waiting period for handgun purchases,

People who buy back their guns from pawn shops were exempted from the waiting period and background check to pla-

The ban on 19 specific as- Rifle Association and opposed cers and prisons. They de-ult weapons, copycat models the ban. State legislators from across

the country reacted warily to the bill, some saying they would consider opting out of the \$30.2 billion package. The Washing-ton Post reported.

State lawmakers meeting in cate the chairman of the House New Orleans said the hill in-Judiciary Committee, Jack truded on states' rights and Brooks, a Texas Democrat who passed along unacceptable president of the National Con-is a member of the National costs for additional police offi-ference of State Legislatures.

reaction by Congress to the public outery over violent crime, saying it ignored the long-range impact on state bud-

We feel Congress is acting irresponsibly by trying to act like a knight on a white horse and is cavalierly putting the costs on the states," said Robert T. Connor, a Republican state ment was determined to comsenator from Delaware and the president of the National Con- 21, when its UN mandate ex-

Tutsi Hand Seen in Leader's Death

By Joseph Fitchett mal Herald Tribune

PARIS - Conspicuously missing in Western officials' accounts of Rwanda's tragedy has been any explanation of who touched off the mayhem hy shooting down the airplane carrying the head of state, Major General Juvenal Hahyarimana.

A Paris newspaper, Libération, said Friday that its own investigation pointed to the Rwanda Patriotic Front, the movement of the Tutsi ethnic minority that has now taken power in Rwanda.

Only the Tutsi guerrilla movement had the military experience and the hand-held missiles of the type used in the April 6 operation. the paper concluded. It quoted witnesses saying that Tutsi leaders had discussed "eliminating" the moderate Rwandan leader.

The attack, probably intended to derail a power-sharing agreement among Rwanda's ethnic and political factions, triggered a nationwide bloodbath. It gave the opportunity for well-organized Tutsi forces to sweep aside the ruling Hutu majority, with France feeling it was morally unable to intervene against Tutsi fighting to save their own people, the

When queried about the circumstances of the aircraft downing, French and other Western officials have consistently declined to comment, saving that recriminations were pointless in such a tragedy.

With death lists circulating openly for months, the killing got under way immediately after the president's assassination, unchecked by an apparently ill-prepared UN

SWIM: Long, Hot Summer for the Wide, Cold Channel

Continued from Page 1

noit, 31, a computer engineer at Hewlett Packard. The top swimmer, Alison Streeter, 30, is a London eurrency trader. Their friends think they are mad. No gain without pain may be an athletic cliche these days but any sport in which compentors are grateful for the warmth provided by a flimsy rubber bathing cap and stand to win little more than a vellum certificate for which they must fork out £65 (about \$100) is, in Ben's words, un peu bizarre.
With 24 crossings, Alison is the CSA's Queen

of the Channel and plans three or four swims this summer, one a nonstop round-trip. A friendly and efficient furnace at 5 feet 3 and 161 pounds (1.6 meters and 73 kilos), she keeps open house with her trainer-mother, Freda, in Dover, likes to see other swimmers succeed and will undoubtedly soon take over the title of King of the Channel, the present king, Michael Reed, with 31 crossings, not having swum in recent years although he is said to have resumed training to keep his title. "It's just putting off the inevitable," Alison

She was awarded an MBE after her recordbreaking triple crossing but thinks this was as much for having raised £85,000 for charity as for swimming. While the Bombay and Australian press have been fussing over Rihen and the Van Wisses and Mike Oram claims that an American with a successful swim on his CV is assured of a job, in England, he says, no one cares.

"Linford Christie runs for 30 seconds and is on television and is a millionaire and if you said Alison Streeter no one would know." On a recent sunny Saturday, senior citizens

MMM and other companies were basking on the beach, toddlers were testing the waters by the shore, and channel swimmers were doing 4-hour to 8-hour practice swims in their spatulate crawl, coming in for hourly swigs

of a tasteless carbohydrate drink called Maxim The CSA advises swimmers to huy Channel Grease at Boots in Dover against the cold but, while it helps against chafing and jellyfish stines. the only real protection against the cold, they say, is fat Rihen's little pot belly is admired. Ben's incipient spare tire praised. Channel swim-ming is the one sport in which women, with their

higher proportion of body fat, have an advantage. The American Penny Lee Dean's stunning 1978 speed record of 7 hours 40 minutes remains

With its sudden winds and maverick tides, the channel is a mystery even to Mike Oram, who charts his swimmers' courses by computer. Alison reckons that in the 60-day season there are usually only 16 to 30 swimmable days and that may change in mid-swim. Because the channel is so fearsome, swimmers compete more with it than with each other. "It's such a friendly sport, that's why I love it," Alison says.

Swimmers get hooked even, and sometimes especially, when they fail. On the beach, Cliff Golding was mixing Maxim and running errands and going in to practice for a swim he won't make. He has failed five times in three years and has moved from Oxford to near Dover, but in his realistic moments he calls himself an ex-

"I think once you decide to swim the channel it takes over your life. If you succeed, then you are free to choose whether to do it again. If you don't succeed, you are enslaved. You are only released when you get across."

To get across is a dream and thus pleasant, says Ben, who looks at the fish and gulls. Alison does not. To ease boredom, Ben sets his mind to hourly imaginary tasks, such as redecorating his house. Alison gets the latest currency rates over the pilot's radio (she thinks the dollar will make a comeback contingent on the Fed). Her mother, Freda, may be the top trainer but Freda says there is no ideal way to train.

"I train by total confusion, I never plan anything that they're going to do. I just throw it at them because when they're out there the channel will throw it at them."

Even when the channel looks good, it isn't. On that sunny Saturday, out where the swimmers were training, the water was 12 degrees centigrade (54 degrees Fahrenheit). "It reminds me of the south of France," a symbathing Australian journalist said to Tammy when Tammy broke for a Maxim.

"It doesn't remind me of that," said Tammy. "That's for sure."

Concessions SARAJEVO, Bosnia-Herzegovina - With new anti-Scrbian sanctions looming, a United Nations envoy made a last-ditch effort Friday to ease the Bosnian Scrbs' reimposed siege of Sarajevo and head off a threat to cripple UN operations The mission by the UN representative, Sergio De Mello, came as the five nations sponsoring a new international peace plan prepared for a foreign ministers' meeting Saturday. The ministers are expected to punish the Bosnian Serbs and their backers in Serhia with harsher sanctions for balking at The foreign ministers from the United States, Russia, France, Britain and Germany were to neet in Geneva. Bosni-an Musims and Croats, who

French troops watching for a sniper who had fired for about a half hour in Sarajevo on Friday. There were no casualties.

would reduce Serbian territorial holdings to 49 percent from about 7 percent and give Mus-A Russian deputy foreign minister, Vitali I. Churkin, said in Moscow that his country re-Opinions are split on one op-tion against the Serbs: exemptmained opposed to easing the arms embargo and to broad ing Bosiian government troops NATO air strikes on Bosnian Serbian positions. from aUN arms embargo imposed in past and present Yu-goslav republics in efforts to limit the war.

the Bosnian Serbs' headquar- first provide information on and Sarajevo now is without ters in Pale to discuss their thousands of missing civilians.
threat to bar all UN movement Mr. De Mello also planned to in the territory they hold starting Saturday unless a prisoner exchange has been carried out. The Muslim-led Bosnian

Mr. De Mello also planned to press the Serbs to reopen the socalled Blue Route into Sarajevo. For the last four months it had been open to commercial

any incoming food. Peter Kessler, a spokesman

for the UN High Commissioner for Refugees, said the UN airlift into Sarajevo, suspended In Sarajevo, a UN spokeswoman, Claire Grimes, said in principle to the prisoner supplies to reach the city. The rected against UN planes, mr. De Mello would travel to swap, has insisted that the Serbs road was closed Wednesday, might resume next week.

MOSCOW: Fall of Russia's Major Investment Company Shakes Millions of New Capitalists

Continued from Page I

are allied against the Serbs, have accepted the plan, which

lims and Croats the rest.

to ar end," Mr. Dubinin said. That is because MMM, the mos aggressive and successful of he nation's many stock funs, was built on sand, with frequent television messages thalbecame as well known here as Coca-Cola or Pepsi-Cola commercials in the United

The government has called MM a classic pyramid cheme. Its soaring stock prices zere supported only by the rowing numbers of people ouying shares. The company reported no earnings, revealed no investments and explained no financial strategy. It had no need for all that.

mained almost wholly unregulated. Unlike most Western countries, where earnings and revenues are available in almost any newspaper, this country has almost no such published information.

To many people, that did not matter. Even after repeated warnings from the government, and after President Boris N. Yeltsin declared at a nationally televised press conference last month that he had certainly never invested in MMM, normal people kept buying it, attracted by promises of ever-in-

creasing stock prices. This is a government of liars come a political as well as fiand thieves," complained nancial issue.

Russian capitalism has re- Monya S. Yaliknova, as she stood along with 10,000 others many government appeals over ernment will also suffer from outside the MMM headquar- the last month, buyers of this crisis, despite all its warnters in southern Moscow. "They MMM should beware, it would ings." are attacking one company because it was able to make peo- leadership to ignore the plight ple prosperous and happy."

> investors in the new Russian system. economy, she added: "Anyway, if there was a problem the government should have stepped in and done something about it." It may have to now. MMM has so many investors — the time to learn the meaning of government says five million and the company claims twice

that - that its perils have be-

Economists said that despite talin, an economist. "The govbe very difficult for the Yeltsin of millions who have lost their Then, summing up the confusavings, perhaps along with sion that has affected so many their belief in the free market

> They said the most damaging effect it could have would be to turn people away from free enterprise before they have had risk and reward.

"MMM's collapse will cer-tainly undermine people's con-would declare bankruptcy if the fidence in the market economy authorities did not stop "hain general," said Stanislav Sha- rassing" him.

springing up across the country. Tax inspectors fined the company 50 billion rubles, closed some of its provincial offices and said that the company president, Sergei Mavrody, was try-ing to blackmail them. Mr.

The crisis began to evolve last

week when the Finance Minis-

try issued a stern warning about

the questionable stock of

Market Nears Paralysis

More and More Works Priced Too High to Sell

International Herald Tribune

ONDON - Slowly, the art market is edging toward a price level so dizzyingly high that paralysis is threatening. As the auction season reaches

its conventional end with the dog days, the auction houses like to dwell on the glamorous side of sales, such as record prices. They remain silent on their growing problem, the high proportion of works failing to sell despite a bullish atmosphere, suggesting that art is in danger of pricing itself out of the market.

At first glance, things look good from August 1993 to July 1994; Sotheby's worldwide art sales at auction totaled £919 million (\$1.38 billion). Christie's sales added up to £781 million. For Sotheby's, they are up 15 percent in dollars on the previous season and for Christie's 11 percent. There is no shortage of money for art acquisitions.

Indeed, the desire to buy has never been so obvious, nor so widely spread across the entire artistic spectrum. What is perhaps most striking this past season is the highly specialized character of art categories in which records were set.

No one would have dared to predict that a Greek vase would ever climb to £2.2 million. Not even the splendor of the piece, typical of the site of Caere in Etruria in the late 6th century B, C., which came up at Sotheby's, London, on Dec. 9 as part of the Carl Hirschmann collection, would have justified such optimism. It held the record for any antiquity until July 7 when a fragmentary Assyrian low relief of the 9th century B. C. dislodged it to the tune of £7.7

million, this time at Christie's. According to London trade sources, the relief was bought for the Shumei family in Japan which has been building up a

size relief from the Palace of Ashurnasirpal 11 such as this

are next to nil. This new awareness that in a rapidly depleted market there won't be a next time explains the extraordinary heights to which the decorative arts are now rising. They used to be regarded as the small fry of Art with a capital A. This bias appeared to evaporate on Dec. 4 in Monte Carlo when a silver chandelier made for the House of Hannover by the goldsmith Balthassar-Friedrich Behrens

SOUREN MELIKIAN

after a design by William Kent climbed to 19.98 million francs (\$3.75 million). Christie's can now boast a world record for silver. Distinguished as it may be, the name of the couturier Hubert de Givenchy who was selling it, had probably little to do with the financial outcome.

There was no such glamorizer to the blue and white porcelain dish from the workshop set up in Florence in the late 16th century that was sold in Paris for just over 9.6 million francs. When the auctioneer ascended the podium at Drouot on May 6, not even the highly skilled expert Michel Vandermeersch suspected the dish would become the most expensive piece of porcelain in the world, multiplying his high estimate by four. The reason is, again, that the likelihood of finding another one is nil. Of the 72 surviving pieces from the workshop, less than five are decorated with these formal patterns in the Mannerist style. All are in mu-scums and this one is the finest.

The last-chance mood worked wonders this season when it came to painting. On Nov. 3. in New York, it helped "La Vis," a large-size collage of cutouts made by Matisse when he could major collection of antiquities no longer paint climb to \$13.7 are matched by hosts of miniwith the intention of opening a
privately run museum. The collage of this size remains outwithin their own range, lower financial bealth. At Impressionthe the credibility of the lt has become too ambitious
auction system as well as its and too ponderous with too litfinancial bealth. At Impressionthe threaten the credibility of the lt has become too ambitious
auction system as well as its and too ponderous with too litfinancial bealth. At Impressionthe tredibility of the lt has become too ambitious
auction system as well as its and too ponderous with too litprivately run museum.

chances of obtaining a large-side museums. It now holds the record for any collage.

The same reflex could be obaved in Old Masters where "difficult" subjects also set records. Large-size Aelbert Cuyps in excellent condition are not easily obtainable these days. "Orpheus Charming the Animals" is a strange picture with African animals strewn about a very European-looking landscape. Specialists have shown that the leopard cubs in the foreground were painted by Ja-cob Gerritsz, father of Aelbert. The composite work, nevertheless, became the most expensive ever by Cuyp & Cuyp at £4.4 million. A telling sign of the current art penury is the fight that pitched one New York dealer, Herman Shickman, against four dealers who joined forces and outbid him on July 6 at Sotheby's.

N even more difficult picture set a record for "Christ as the Constant Man of Sorrows" by Andrea Solario in Paris, at Drouot, on June 27. The bust of Jesus, hands tied, with drops of blood and tears running down his face, is painted on panel with supreme mastery and a jeweler's attention to finished detail. This points to northern influence. The picture was probably painted around 1510 according to the expert Eric Turquin. No Solario has surfaced at auction in the past two decades which is hardly surprising concerning a painter whose ocuvre, as recorded by David Alan Brown in his monograph in 1987, numbers only 77 paintings. Bruno Meissner, the Zurich dealer much admired by colleagues for his eye, said in an interview that he simply had to have it. The price was \$4.9 million francs.

These records achieved at stratospheric financial altitude are matched by hosts of mini-



Andrea Solario's Christ sold for 4.9 million francs.

dead bird and a mouse gobbling was 60 percent. its eggs which the sculptor from Cambrai, Aubert Parent, carved in 1794. At £14,950, it multiplied its high estimate

more than six times. This upward pressure on price is proving a mixed bless-ing. Eager to please vendors who often naively believe that higher estimates enhance their goods, departmental heads desperate to find art for sale set them increasingly at the highest possible level. Each work of art becomes a gamble, and one that

The proportion of items failing to sell is reaching levels that ers. The system has to change, threaten the credibility of the 1t has become too ambitious

down the scale. These are even ist and Modern master sales, it more important for gauging the hovered between 28 percent bullishness of the market than and 49 percent in London this the big numbers. When Chris-season. On July 5, when Christie's sold its extraordinary tie's sold its narwhal horn so carved narwhal horn of the 12th brilliantly, 57 percent of the no one bothered very much remained unsold. Two days latabout the wooden relief of a er at Sotheby's, the proportion

A resistance movement against overestimation is beginning to spread. On July 6 at Sotheby's, the syndicate that bid on the record Cuyp did not move as a still life by Rachel Ruysch, signed and dated 1704, came up. Bidding started at £500,000 and petered out at £650,000 without any response. After the sale, the syndicate negotiated the still life at the equivalent of an £880,000 bid. The "estimate on request" exceeded £1 million, a source said. That day 36.5 percent of the pictures offered found no tak-

A Japanese Mapplethorpe

Nobuyoshi Araki.

crative way of life.

zine, he has turned a love of the

lewd and outrageous into a lu-

Araki has also been embraced

as a respected artist both in Ja-pan and overseas. He was the subject of an acclaimed retro-spective at the Setagaya Muse-

um in Tokyo last fall, and he will

be featured in a major Japanese

broader context of his life.

Complementing the mudes are

images of Tokyo street scenes

of the photographer's shabby apartment, of his scrawny white

cat; of the sky. For Araki, "photography is closely related to

the first-person novel; it's a

Araki's fascination with To-

declaration of what I am.

By Carol Lutfy

OKYO - A short, pudgy man with a car-toonish face and a contagious laugh, Nobuyoshi Araki is an unlikely chronicler of Tokyo's underground sex scene.
But armed with three cam-

cras, two assistants and what he claims to be a voracious sexual appetite, the 54-year-old photographer combs the city's strip clubs and S&M joints, gay bars. and love hotels in pursuit of provocative material and, presumably a thrill.

Araki's critics call him a

kinky playboy. By his own account, he is too fond of flash. But his photographs touch a nerve in a pent-up, covered-up, overworked society where sexual promiscuity is prevalent, if not openly discussed.

Like the American photogra-pher Robert Mapplethorpe, Araki pushes the limits of what is legally acceptable, morally palatable and just plain bad taste. His is a world of naked women hanging by ropes from the ceiling; of seductive school-girls in their uniforms; of painted bar hostesses and overweight. topless dancers; of twentysomething women who are past their prime.

In a country where a morals code, instituted in 1907, still bans visual images of pubic hair, Araki has a record with the police that is as long as his career. Earlier this year Hisako Motoo, the director of the upscale Parco gallery in Tokyo, was imprisoned for almost a week for selling what were deemed to be obscene catalogs of his work. (The catalog in question was reportedly singled out for an image of a bound; naked woman that appeared on the same page as a photo of the emperor and empress in mourn-

ing.)
Such run-ins with the law have only fueled Araki's popularity, elevating him to the status of cult hero. With more than 90 collections of his photographs published since 1970. and with clients that run the gamut from Japan Railways to Sniper, a sadomasochism magaup near the Yoshiwara red-light district, and started taking pic-tures in the sixth grade. "From the beginning," he recall, "I was only interested in taking two kinds of photographs: pic-tures of girls and pictures of

After graduating from Cliba University, Araki joined Dentsu, Japan's largest advertising agency. By day he photographed refrigerators and tosters; by night he sneaked women into the company's photo su-dies and pursued his interest in nude photos.

His big break came in he early 30s, after his work took a more narrative turn. "In the early 1970s documentary photography was praised for its ability to be objective," hesays. But I have always felt that photography has to be perional and subjective in order to be

"Every household has atleast one great book of photography: the family photo album, he

ORROWING fom this idea, Araki picked "the most private topic I could think of" ind published a book documening his honeymoon with his wie, Yoko, in 1971. Titled "Seni-mental Journey," the straighforward account of their expeience brought Araki the fine

photography survey that will visit the United States, Canada and Mexico next year. He is also The book features photos c a regular on the gallery circuit in Europe and the U.S. his wife looking bored on the builet train; looking less than Araki's work is at once fashclated in a less than elegant ho ionable for its taboo-breaking sexual frankness, and timeless for its frank portrayal of de-What saves his photographs tel room; looking mournfully as the camera. It culminates with a few discreet images that express from being pure pornography is that they are taken within the both passion and disappoint-

Araki reissued and updated the book in 1991 after his wife (who remained his favorite model throughout her lifetime) died of cancer in 1990, Free of his usual flamboyance, it is widely acknowledged as the high point of his career.

Carol Lady is a Tokye-based kyo's sex culture has its roots in his early childhood. The son of a Japanese clog maker, he grew ther in the arts.

ART EXHIBITIONS

UNITED KINGDOM



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Expression of interest should be sent, by Tuesday, 27th. September, to The Secretary, The Architectural Association School of Architecture, 34-36 Bedford Square, London WC1B 3ES. Applicants will receive appropriate documentation.

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By Marc Fisher

ASHINGTON — After months of effort, Germany has finally brought to Washington its own exhibit on German resistance to the Nazis. The show was produced and paid for by the Bonn government. It even has the stamp of approval of the library, a federal institution. The Germans couldn't have been more pleased.

But library staffers trade worried whispers: Is this exhibit a mistake? Has the library allowed its gallery to be usurped by a foreign government intent on rewriting the past? Is it right to let Germany use a federal institution to push a highly contro-versial version of history — that a relative handful of unsuccessful resisters paved the

way for West German democracy?

"Against Hitler: German Resistance to National Socialism, 1933-1945," running through Sept. 2 at the library's Madison Gallery, is a series of snapshots of "the

and everyday Germans who sought somehow to stand up to the Nazi regime.

In Washington, Resistance and Resistance

It is a typically German museum show heavy on text, visually quiet, something of a chore to get through. There are dra-matic tales here but they are hidden in small print, lost in a blur of unremarkable black-and-white photos. An exhibition that seeks to celebrate the courageous instead numbs the visitor with unvarying white panels. The implication is that this is a matter too serious for the casual viewer.

The dreary presentation doesn't square with the Germans' feverish work to place the exhibit somewhere in Washington. They enlisted politicians, diplomats, historians and curators in the campaign. The Bonn government flew an assistant secretary of the Smithsonian Institution to Berlin, approached at least four Washington museums and, finally, according to partici-pants in the effort, exerted political pres-sure on the librarian of Congress, James H.

other Germany," the hundreds of military officers, labor activists, communists, Jews initial decision to decline the exhibition. The library has put together shows with foreign governments before, but the've

usually been innocuous celebrations. Irene Burnham, who organizes exhations for the library, says she knew he resistance show was going to be controvesial. Ever since she first heard about te idea, it had attracted an unusual amount 🤅 high-level attention:

The German Embassy first approaches the library in January. Billington turner down the offer because the galleries were booked, Burnham says. The Germans approached the Smithsonian, the National Archives and Meridian House, Most muscums schedule exhibits years in advance. so locating a gallery with only a few months' lead time was bound to be diffi-

By April, Burnham says, an opening had appeared in the library's gallery schedule and Billington accepted the German

BOOKS

The Man and the Era

CAPONE:

By Laurence Bergreen. 701 pages. \$30. Simon & Schuster. Reviewed by Richard Gid Powers

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A T the peak of Al Capone's fame and power in 1929 he was just 30 years old. He had fought his way to the top of Chicago's organized bootleg-ging prostitution and gambling rackets, and upwards of \$100 million a year passed through his organization. Judges, police commanders, and newspaper publishers bent to his will. He even made the cover of Time magazine, though not as Man of the Year, an honor reserved for gangsters of the international variety.

Laurence Bergreen's beanti-

fully crafted biography of Capone transcends the true-crime genre to become a masterful study of a major figure in American history. In his hands

...In its 20th year

American achievements.

one of the great

-Iobn Russell

OPERA

Capone's life is an American epic in a sardonic mode that out-Brechts Brecht, an odyssey whose hero lurches through Chicago's brightest lights and darkest shadows, dispensing mayhem and Damon Runyon Bergreen's digging and interviewing turned up vast quanti-ties of fresh and riveting materi-

unexpected story of Capone's Western lawman brother, who carved out a place for himself in the annals of frontier law en-forcement using the same no-nonsense style that served his famous brother so well. Bergreen sheds fresh light on the murder of Frankie Yale; the St. Valentine's Day Massacre; and

the sensational killing of news-man-racketeer Jake Lingle.
He artfully weaves in the par-allel saga of Eliot Ness, whose much heralded "Untouchables" did little more than raise the expenses of Capone's bootlegging operation, costs which Capone naturally passed on to the consumer, while fame turned Ness into a lounge lizard whose progressive alcoholic decay strangely mirrored Capone's

American realities. His rise had more than slight resemblance to that of more socially legitimate! American tycoons.

At just the right spots in his book, Bergreen shifts from the real Capone to the media image created by Broadway, the film industry, and the tabloid reporters for whom Capone was a never-ending gravy train — and the cash did not come solely al - not the least the from selling yarns about Capone.

> This is a great stor with all the trimmings. Toward the end of Capone's last year it prison a minister asks the convicts at Sunday morning service, "Do you feel the need of prayer?" Al Capone lifts his hand. Are any of you feeling the ned of a savior?" the minister continues. One imagines a Francis Ford Coppola organ crescends as the ruined figure of Al Capone, blasted in mind and bely and garbed in convict drab, rises to his feet. And there are sores of such electrifying moments in this measure rizing slice of life on the grand operatic scale.

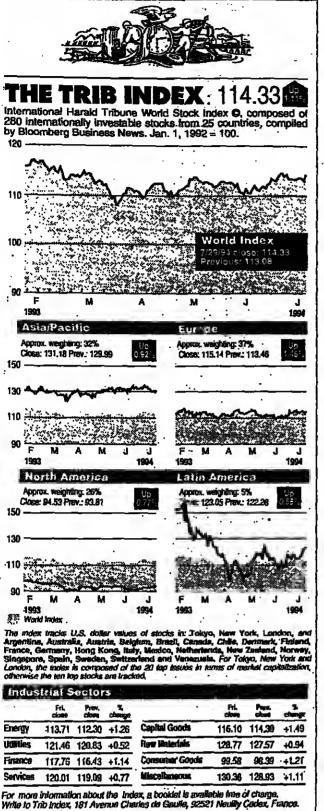
strangely mirrored Capone's own syphilitic decline.

Bergreen's point is that Capone illustrated the American dream and its intersection with for The Washington Post.

Richard Gid Powers, autor of the forthcoming "Not Washington autor of the forthcoming and the forthcoming that the forthcoming is the forthcoming that the forthcoming that the forthcoming is the forthcoming that the for

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ECONOMIC SCENE

By Sarah Veal

Special to the Herald Tribune

any change in the position makes waves.

rich country to the north.

working on the same project.

The usual image of the guest worker is that

of the 1970s film comedy "Bread and Chocolate," in which an Italian laborer leaves be-

hind family and friends to seek work in the

But now a new kind of guest worker is on

the scene. Small in number - fewer than 100

- but these workers have nevertheless star-

tled the Swiss both by their high tech domain,

computers, and their country of origin: India.

For every Indian computer specialist working

in Switzerland, 10 or more are back in India

1930s and with a general uneasiness about

Swiss competitiveness, the revelation that the

majority of Swiss programming jobs have been exported to India has struck a sore spot

that, for decades, have drawn Italians, Span-

iards and Portuguese to fill labor gaps in

agriculture, manufacturing, restaurant work

and domestic service: that is, availability,

flexibility, low cost and a willingness to do

neglected education in computer science.

"Switzerland has suffered for a number of

years from a lack of computer scientists," said Francis Randin, director of Unicible in Lau-

sanne. "When the rest of Europe was training put on its feet by Indian specialists.

An additional one is that the Swiss have

work the Swiss no longer want to do.

The reasons are much the same as those

Their presence is only the tip of the iceberg.

With unemployment at its highest since the

ENEVA - The position of guest.

workers is always ambivalent. In a

country where they have become

an institution, such as Switzerland,

Working Abroad, at Home

Japanese Vow Push On Trade

Yen Up on Hopes Of Dispute's End

TOKYO — Japan on Friday said it would strive to settle a trade dispute with the United States and Finance Minister Masayoshi Takemura vowed to keep on talking even if a July 31 deadline passed without agree-

"I'm hoping the talks will be concluded," he said, "but even if there were no accord, we would continue to seek one."

Currency market hopes for a deal on greater access to Japan's government procurement market helped boost the dollar above 100 yen in New York on Thursday and Friday, the first time in a month that level has been breached. But prospects for a quick

agreement remained uncertain. "I am neither very optimistic nor very pessimistic," Minister for International Trade and Industry Ryutaro Hashimoto

Tokyo media reports said Japanese negotiators now in Washington for last-ditch talks would offer a compromise pro-posal but officials were silent on the contents.

Washington has set a July 31 deadline for deciding whether Tokyo's procedures for government procurement of medical equipment and telecommunications gear are discriminatory.

Deputy U.S. Trade Representative Charlene Barsheisky met Deputy Foreign Minister Sadayuki Hayashi Thursday in Washington, before more substantial talks on Friday.

A Posts and Telecommunica tions Ministry official declined to comment on reports that Japan would propose improved bidding procedures for government contracts, but continue opposing a U.S. demand for forward-looking indicators to measure market access.

programmers and analysts in the 70s and

and insurance industries.

80s, we were training people for the banking

Unicible, a joint venture among four re-

gional Swiss banks, was set up to convert the

four individual computer systems to one new

system. The difficulty was to find Swiss com-

puter scientists qualified and willing to take

on what Mr. Randin describes as a "very

As a result, Unicible hired out the work:

Indians have been only too happy to take

up the burden. For the Indian industrial giant

Tata group, computer science was a natural diversification. Tata Consulting Services, es-

tablished in 1968, has carried out projects in

Indian universities and technical schools

are traditionally strong in science and mathe-

matics, while the country's vast population

ensures an enormous pool of labor. Also,

English, the language of computer science, is India's unofficial national language.

In Switzerland, Indian guest workers have

been most visible in the vast SECOM project,

ty & Clearing Organization) and Intersettle

(Swiss Corp. for International Securities Set-

tlements) to create a link-up for securities and

A pilot operation since October, SECOM's

final functions will be added by October of this year. Some find it ironic that a project

designed to give the world-class Swiss finan-

cial center a competitive advantage is being

a joint venture between SEGA (Swiss Securi-

eight Indians were assigned to Lausanne, with

specialized, tedious and thankless" task.

60 more working in Madras.

more than 40 countries.

First Half Profit Drops

ZURICH - Credit Suisse said Friday its first-half operating profit fell 27 percent from a year ago, partially because of lower income from interest and

fell 15 percent, to 1.29 billion francs. Analysts said the results did not meet their forecasts. "Operating profit is lower than I ex-

pected, and interest income is much lower," said Mario Curti, head of research at Zürcher Kantonalbank. The decline in trading in-

trading. By contrast, income from foreign exchange, precious metal and bank note trading was only slightly below last year's level, the bank said. Stagnant lending levels and narrower rate margins dented

Balance sheet business and trading operations were weaker in the second quarter than in the first, the bank said.

Writedowns, provisions and losses for bad and doubtful debts "improved significantly," Credit Suisse said, adding it would nevertheless continue its "careful approach" to provisions because of the economy's besitant recovery.

The bank did not provide figures for the amount set aside for provisions, but it did say probem loans in Switzerland con-

1.354 billion francs, from the first half of 1993. Total assets rose slightly, to 233.5 billion francs from 232.2 billion francs.

5 No 5 No

574.5%

ECU

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2-2 >

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Calling Latin America Telefónica Seeking Cash for Expansion

By Conrad de Aenlle International Herald Tribune

PARIS — If Telefonica de España reaches agreement to sell a large piece of its international operation in talks with GTE Corp. the Spanish phone monopoly would gain a fresh supply of cash with which to finance its rapid expansion in Latin America.

Spanish sources speculated the U.S. company would pay Telefonica up to 210 billion pesetas, or about \$1.6 billion, for as much as 30 percent of Telefonica Internacional. Telefonica has denied that any agreement has been made. If a deal does go through, Telefonica proba-

bly will use some of the proceeds to cut the cormous debt incurred in building an empire in Latin America, where it dominates. Earlier this year, the company raised eyebrows, and shareholder backles, when it agreed to pay \$2 billion for a large interest in two Peruvian phone companies. Because that no other company had offered even half that much it cannot be said Telefónica drove a hard bargain.

That purchase since has come to be looked on more kindly. Although the cost of Telefonica's entrée into Peru was high, some now suggest the cost of not being there might have been higher. The company has been using Spain's cultural, linguistic and business ties to Latin America to assemble a phone network that spans the continent. Missing out on Peru would have left a gap in the middle of its holdings in Chile, Argentina, Venezuela and

The strategy is to build a global pipeline to give it the opportunity to handle vast quantities of traffic in international markets." William Coleman, who follows the company for the James Capel brokerage, said of Telefónica's Latin American endeavor, "It's not building these networks to be a local operator, but to participate in the explosive growth taking place globally."

As the price of the most recent acquisition suggests, there is nothing subtle about Telefónica's strategy.

"Peru was an opportunity to be No. 1 in Latin America," said Alberto Martinez, a company spokesman. "Others wanted to be in Peru. If they had been successful, there would be an equilibrium situation in Latin America. We wanted to overrule."

Such dominance, he said, allows the com-

pany to extract the best terms from equipment suppliers and from other telecom companies with which Telefonica must do business in routing international calls.
It also makes it cheaper, per line, to wire up

South America and connect it to the rest of the world. Telefónica is the leader, with

AT&T Corp., of a consortium that is laying a fiber-optic cable from San Francisco through Los Angeles to Chile and Argentina. 'If they can build networks in such a way as of they can build networks in such a way as to direct long-distance traffic onto networks owned by them, they can have a much greater share of the traffic in this growing market-place." Mr. Coleman said. "Peru gives them

the opportunity to send traffic from Chile and Argentina north to America and Europe." Even factoring in the grandeur premium, the price that Telefonica Internacional paid in Peru may have been reasonable. The company figures that at \$2 billion, the value of its investment could grow at 15 percent to 20

Along with the 35 percent stakes in Comañia Peruana de Teléfonos and Empresa Vacional de Telecomunicaciones de Perú, Telefónica was awarded a lucrative contract to

See TELEFONICA, Page 9

Markets Rally As U.S. Growth **Settles Back**

By Lawrence Malkin International Herald Tribune

NEW YORK - The U.S. economy ended an unhealthy surge during the spring, the government reported Friday, and positioned itself for a period of less exuberant growth closer to its underlying poten-tial. Financial markets heaved a sign of relief and knocked interest rates lower.

The Commerce Department reported that the gross domestic product grew at an annual rate of 3.7 percent during the second quarter, which was ex-aggerated by a buildup of unsold goods. That brought economic activity closer to the more moderate winter growth rate of 3.3 percent. It certainly from a previously reported 7.0 percent. The White House digested the good news and stuck Stock Exchange by its prediction of 3 percent Inflation belo growth for 1994.

Economists agreed that the Federal Reserve Board would probably bold off on raising interest rates for a few weeks, if not longer. They said the Fed was likely in wait for employ-

ment figures scheduled for next Friday and other recent measures of activity before deciding whether the economy was right enough to warrant another rise in interest rates - as Alan Greenspan, chairman of the Federal Reserve Board hinted to Congress this month.

This cause for hesitation pushed up demand for the government's beliwether 30-year Treasury bonds and sent their interest rate yields tumbling. The price of the 30-year bond rose 1 20/32 point, to 86 13/32, sending the yield down to 7.39 percent from 7.55 percent Thursday.

A jubilant stock market took note of this decreased competinon for its products from interwas more sustainable than the est rates. The Dow Jones indussurge of last fall, which was revised downward to 6.3 percent points at 3,764.50. Advancing issues led declining ones by a 8-to-3 ratio on the New York

Inflation beld steady for the second successive quarter at 2.9 percent, according in the broad measure of the implicit price deflator. But the aspect that was at once the most reassuring and problematical was the fact

See GROWTH, Page 8

trading. Credit Suisse, which merged with Swiss Volksbank last year, had an operating profit of 1.759 billion Swiss francs (\$1 billion) in the first half, down from 2.405 billion in the first half of 1993.

The bank, whose parent is CS Holding, said first-half trading income fell 35 percent, to 949 million francs. Interest income

come was mostly attributable to lower earnings from securities

interest income, it said.

tinued to be its main concern.

Commission income for the group rose by 11 percent, to

Crédit Suisse SEC Probes Ex-Fed Governor on Leaks

By Sylvia Nasar New York Times Service

percent a year.

NEW YORK - A former governor of the Federal Reserve System has become the target of an inquiry by the Securities and Exchange Commission over possible

misuse of secret central bank information. The SEC is looking into whether the former governor, Wayne D. Angell, received or passed on inside information during the spring. At the time, he was warning clients the Federal Reserve was likely to raise interest rates significantly.

Mr. Angell, who completed an eight-year term at the Fed in February and became chief economist at Bear, Stearns & Co. in April, said there was nothing to investigate.

The inquiry comes oo the heels of an internal investigation that found no evidence of wrongdoing. There were calls for further scrutiny of Mr. Angeil from Representative Henry B. Gonzalez, Democrat of Texas, chairman of the House Banking Committee.

People familiar with the case said that it was highly unusual and that they could not remember another like it in Fed history. Mr. Angell's lawyer, Dennis J. Block of Weil, Gotshal & Manges, said the SEC was trying to determine whether his client had violated securities laws that prohibit fraud in connection with the purchase or sale of a security, including a government bond or a futures contract or option.

Specifically, according to Mr. Block, the SEC is examining whether Mr. Angell violated Section 10B of the Federal Securities Code, which be said forbids "somebody passing non-public information with respect in a security and somebody who trades on that information."

BCCI Figure Convicted

LONDON — A former executive of

the Bank of Credit and Commerce International was convicted on Friday of a series of offenses stemming from his role in the scandal surrounding the bank's collapse three years ago.

Intran Imam, 42, who was the right hand man of BCCI president Agha Ha-san Abedi and chief executive Swaleh Naqvi, will be sentenced next WednesBut he added, "Anything anyone in America does that the SEC doesn't like comes under that small section." The commission would not confirm or

deny the existence of an inquiry. "I can't comment on whether anything is under investigation," said William R. McLucas, the SEC's director of enforcement. One focus of the inquiry, according to

Mr. Block, is an April 19 meeting of hundreds of Bear, Stearns clients.

At that meeting, which took place four weeks before the Fed raised its short-term interest rate target for the fourth time this year, Mr. Angell said he thought that 8 to 10 of the 12 regional Federal Reserve banks had asked the Fed's board of governors to raise the discount rate.

Requests for changes in the discount rate are a closely guarded secret because a change can be an important clue to how the Fed's monetary policy committee, which includes bank presidents, is likely to vote on the federal funds rate, its more important short-term interest rate target. In the late 1980s, a former director of

the New York Federal Reserve Bank, Robert A. Rough, was imprisoned for leaking discount-rate information to a broker.

VIENNA

AMSTERDAM CHOSSHOADS INTERNATIONAL CHUR-CH Interdenominational & Evengalical Sun-day Service 10:00 a.m. & 11:30 a.m./ Kids Welcome. De Cusestraet 3, S. Amsterdam Info. 02940-15316 or 02503-41389. KIEY

INTERNATIONAL CRISTIAN ASSEMBLY (ACG) An Evergelical/inter-denominational Februship meeting Sundays at 10:30 a.m. in Ker/'s Council of Trade Unions building, 16 Khraschalik Street. Contact Pastor Eldon Brown at (7044) 244-3376 or 3502 LYON

LYON CHRISTIAN FELLOWSHIP,1 bis rue P.L. Bernalz, 69100 Villeurbanne Sundays 7:00 p.m., Tel: 72:36:35:52. MILAN

ALL SAINTS CHUPCH (Anglican Enteropal), during restoration will met at Visite Maino, 39, Milano in the Chapet of the Organis Institute, Holy Communion Sundays at 10:30 and Wednesday at 19:30. Sunday School, Youth Fallowship, Credine, Collee, study groups, and community activities. All are welcomed Cal (02) 655 2259.

MUNICH NTEPNATIONAL COMMUNITY CHURCH, Evergelosi, Bible Beleving, services in Empl st4.15 p.m. Sundays at Embles Str 10 (C2 Theresienst.) (082) 93 45 74.

MONTE CARLO

INTL FELLOWSHIP, 9 Rue Louis-Notart, Sunday Worship 11:00 & 6 p.m. Tel: 92.15.56.00. PARIS and SUBURBS

EMMANUEL BAPTIST CHURCH, 56 Rue des Bors Raisins, Ruel-Mainnaison. An bes bors Hasins, huser-myllasors, his beangeless druch for the English speaking community focaled in the western subutas S.S. 95t; Worship: 10-45. Children's Chusch and Nursery, Youth ministres Dr. BC. Thomas, pastor. Call 47.51.29.63 or 47.48.15.29 for information.

HOPE INTERNATIONAL CHURCH (Evan-gelical). Sun 9:30 a.m. Hotel Orion. Metro 1 : Explanate de La Dellerse. Tel.: 47.73.53.54 or 47.75.14.27.

THE SCOTS KIRK (PRESSYTERIAN) 17, rue Bayard, 75008 Paris, Metro FD Roosevel, Fernily service & Sunday School at 10:30 a.m. even Sunday. All welcome. For information 48 78 47 94. SAINT JOSEPH'S CHURCH (Roman Cathoric). Masses Saturday Evening 8:30 p.m., Sunday, 50, averus Hochs, Pans 8th. Tel: 42.27,28.58. Metro: Charles de Gaulo-Boile.

STRASBOURG

ST. ALBAN (Angican) al Tegise des Domini-cains. Eucharis 10:30 a.m. comer Blvd. de la Victoire & rue de l'Université, Strasbourg TIRANE

INTERNATIONAL PROTESTANT ASSEM BLY, Interdementational & Everyglacal Services: Sun. 10:30 a.m., 5:00 p.m., Wed. 5:00 p.m. Fluga Myslym Shyri. Telifax 355-42-TOKYO

PAUL INTERNATIONAL LUTHERAN CHURCH, near schoolshy Str. Tel.: 3261-3740 Worship Service: 9:30 a.m. Sundays. TORYOUNON CHURCH, near Ornoles to subway sta. Tel. 3400-0047, Worship ser vices Sunday 10:00 iumumly. USA If you would like a tree Bible course by mail, please contact LEGLISE the CHRIST, P.O. Cox 513, Stauren, Indiana 47881 U.S.A.

BONN/KÖLN THE INTERNATIONAL BAPTIST CHURCH OF BONNIKOLN, Rheiner Strasse 9, Köln Wership 1:00 p.m. Celvin Hogue, Pastor Tel: (02236) 47021.

BRATISLAVA Bible Study in English

BREMEN

VIENNA CHRISTIAN CENTER, A CHARIS-MATIC FELLOWSHEP FOR VIENNA'S IN-TERNATIONAL COMMUNITY, 'English Language 'Taire-denominational, medis at Habigasse 17, 1070 Vienna, 800 p.m. Every Sunday, EVERYONE IS WELCOME. For more information calt 43-1-318-7410. THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS and SUBURBS THE AMERICAN CATHEDRAL OF THE HO-LY TRIMITY, Sun. 9 6 11 a.m. Mursey obsing 11 a.m. service. 23, evenue George V. Pars 75008. Tet.: 33/1 47 20 17 92, Metro:

FLORENCE ST. JAMES CHURCH, Sun. 9 am. Rite I & 11 am. Rite II. Via Bernardo Rucellai 9, 50123, Florence, Italy. Tel.: 3955 29 44 17. FRANKFURT

performed or CHRIST THE KING (Episco-per/Anglican) Sun. Holy Communion 9 & 11 a.m. Suricey School and Nursey 10:45 a.m. Sebastian Pinz St. 22, 80323 Franklut, Ger-many, U1, 2, 3 Miquel-Allee. Tet: 49/59 55 01 84. CHURCH OF CHRIST THE KING (Episco

GENEVA EMMANUEL CHURCH, 1st, 3rd & 5th Sun. 10 a.m. Eucharis & 2nd & 4th Sun. Morring Payer. 3 rue de Monthoux. 1201 Geneva, Switzerland. Tel: 41/22 732 80 78. MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Euchanist and Sunday School Nursery Care provided. Seybothstrasse 4, 81545 Munich (Hartaching), Germany. ROME ST. PAUL'S WITHEN-THE-WALLS, Sun. 8:30 a.m. Holy Eucherist Rile I; 10:30 a.m. Choral Eucherist Rite II; 10:30 a.m. Church School

for children & Norsery care provided; 1 p.m Spanish Eucherst, Vis Napoli 58, 00184 Ro Tel: 39/5 468 3339 or 39/6 474 3569. WATERLOO

ALL SAINTS' CHURCH, 1st Sun, 9 & 11:15 am, Holy Eucherist with Children's Chepel at 11:15, All other Sundays, 11:15 am, Holy Sur-charist and Sunday School, 563 Oreussee de Louwan, Otean, Belgium, Tel. 32/2 384-3556. WIFSRADEN THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Euchanst. Frankfurter Stresse 3. Wiesbaden, Germany, Tel: 49/611.30.68.74.

> EUROPEAN BAPTIST CONVENTION

BARCELONA

FAITH FELLOWSHIP INTERNATIONAL meets at 9,00 a.m., Bono Nove Baptist Chur ch Caner de la Cutat de Ballaguer 40 Pastor Lance Borden, Ph. 438 (1974). BERLIN

INTERNATIONAL BAPTIST CHURCH, BEFLIN Rotherburg Str. 13, (Stegliz), Biblis study 10 45, worship at 12:00 each Sunday. Charles A. Warlord, Pasilor, Tel.: 030-774-4670.

RELIGIOUS SERVICES

INTERNATIONAL BAPTIST CHUPICH (English language) moets at Evangelish-Freikirchlich Kreuzgemeinde, Hohenlohestrasse Hermann-Bose-Str. (around the corner from the Bahmfolt sundley worship 17:00 Ernest D. Walker, postor, Tel. 04791-12877.

RINCHAREST INTERNATIONAL BAPTIST CHURCH Strade Popa Rusu 22, 3:00 p.m. Contact Pastor Mike Kemper, 7el. 312 3860. BUDAPEST

International Baptist Fellowship, Il Bimbo u. 56 (main entrance 7 apolosanyi u. 7, Immedialely behind front entrance). 10:30 Bible study. 8:00 p.m. Pastor Bob Zbindan. Tel.: 11:56116. RINGARIA

INTERNATIONAL BAPTIST CHURCH, World 7rade Center, 36, Drahan Tzankov Blvd. Worship 11:00 James Duke, Pastor. Tel: 704367. CELLE/HANNOVER INTERNATIONAL BAPTIST CHURCH, Windmulen Strasse 45, Celle 1300 Worship, 1400 Bible Study, Pastor Wert Campbell, Ph. 05141 Ac415

DARMSTADT DARMSTAD7/EBERSTADT BAPTIST MIS-SION. Bible study & Worship Sunday 10:30 a.m. Startmission De-Ebersladt, Bueschelstr. 22, Böle study 9:30, worship 10:45. Pastor Jim Wabb. Tel: 06155-6008216. DÜSSELDORF

INTERNATIONAL BAPTIST CHURCH. English. sa. 10:00, worship 11:05. Children's church and nursery. Meets at the international School. Leuchtenburger Kirchweg 2,D-Keisersweith. Franchy telloweths. All denominations welcome. Dr. W.J. Dalay, Pastor. Tel: 0211/400 157.

FRANKFURT FRANKFURT
INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelisch-Freidrichliche Gemeinde,
Sodenestr. 11-18, 6380 Bed Homburg, nhones/Fax: 08173-62728 serving the Frankfurt
and Taunus areas, Germany, Sunday worship 09:45, nursery + Sunday-school 10:00,
women's bible studies. Housegroups - Sunday + Wednesday 19:30. Pastor M. Levey,
mariber European Baptist Convention. "Dedazer His nony amonasi fine nations."

dare His glory amongst the nations." BETHEL INTERNATIONAL BAPTIST CHURCH, Am Dadreberg 92, Franklus a.M. Sunday worstip 11:00 a.m. and 6:00 p.m., Dr. Thomas W. Hill, pastor, 7el: 089-549559. HEIDELBERG

GRACE INTERNATIONAL BAPTIST CHURCH, Industrie Str 11, 6902 Sandhau-sen, Bible study 09:45, Worship 11:00 Pasior Paul Hendry, Tet., 06224-52295. HOLLAND

Tranity BAPTIST S.S. 930, Worship 10:30, nursery, warm fellowship. Meets at Bloemcamplaan 54 in Wassengar. Tel.: 01751-78024. MOSCOW

MTERNATIONAL BAPTIST FELLOWSHIP Meeting 1100, Kino Center Building 15 Druz-Druzhinnkovskaya UL 5th Floor, Hall 6, Metro Station Bartikarinaya Presior Brad Stamey Pt. mots 16th 2009 MUNICH INTERNATIONAL BAPTIST CHURCH OF MUNICH, Hotestr. 9 English Language Services. Bible study 16:00 Worship Service 17:00. Pastor's phone, 6908534

PRAGUE

International Baptist Fellowship mosts at the Czach Baptist Church Vinohradska # 68, Prague 3, At metro stop Jintoo Podebrad Sunday a.m. 11:00 Pastor Rob Food Sunday a.m. 11:00 Paster Bob Ford (02) 311 0693. WUPPERTAL International Baptist Church, English, Ger-man, Persian, Worship 10:30 a.m., Seilerstr. 21, Wuppenal - Elberfeld, All denominations welcome, Hans-Dieter Fraund, pastor.

ZURICH INTERNATIONAL BAPTIST CHURCH of Wädenswil (Zorich), Switzerland, Peter Jankins Leignubenstr. 11 CH-8805 Richterswill, Worship Services Sunday momings 11:00. 7et: 1-7002812.

ASSOC. OF INT'L CHURCHES

IN EUROPE & MIDEAST

AMERICAN CHURCH IN BERLIN, cor. of Clay Alee & Potedamer Str., S.S. 9:30 s.m., Worship 11 a.m. Tel: 030-8132021. BRUSSELS

THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School 9.30 am. and Church 10:45 am. Kasterberg, 19 (at the lift School), Tel.: 573.05.81. Bus 95. Tram 94. COPENHAGEN

INTERNATIONAL CHURCH of Copenha-gen, 27 Fervergade. Variov, near Radius. Study 10:15 & Worship 11:30. Tel.: 31624785. FRANKFURT

TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (Across from Burger Hospital), Sun-day School 9:30, worship 11 a.m. Tel.: (089) 599478 or 512552. GENEVA EV. LUTHERAN CHURCH of Geneva, 20

rue Verdaine, Sunday worship 9:30, in Ger man 11:00 in English, Tel (022) 310:50:89. JERUSALEM LUTHERAN CHURCH of the Redeemer, Old City, Muristan Rd. English worship Sun, 9 a.m. All are welcome. Tel: (02) 281-049. LONDON

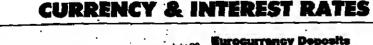
AMERICAN CHURCH in London at 79 Tot-tenham Ct. Rd. Wr. Worship at 9:00, SS at 10:00 a.m., Sung worship at 11 a.m. Goodge St. Tube; Tel. 071-580 2791. PARIS

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65. Qual d'Orsey, Paris 7. Bus 63 at door, Motro Alma-Marceau or Invelides. STOCKHOLM

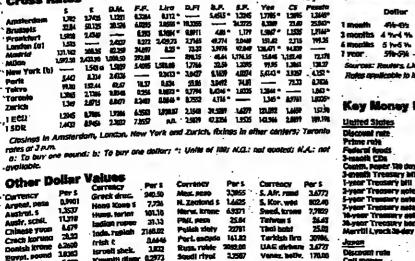
IMMANUEL CHURCH, Worship Christ in Swedish, English, or Korean. 11 00 a.m. Sunday Birger Jerisg. at Kungstansg. 17. 46/08/ 15 12 25 x 727 for more VIENNA

VIENNA
VIENNA COMMUNITY CHURCH, Sunday
worship in English 11:30 A.M., Sunday
school, nursey, international, all dimontinations welcome. Dorotheergasse 16, Vienna 1 WARSAW WARSAW INTERNATIONAL CHURCH,

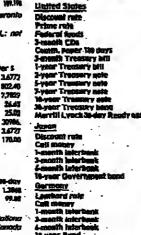
Protestani English language expatrates, Sun-days 11:00 a.m. (Sept May), 10 a.m. (June-Aug.), Sunday School 9:55 (Sept-May) U.L. Micdowa 21, Tet. 43:29-70. ZURICH INTERNATIONAL PROTESTANT CHURCH



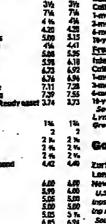
cross-border settlements.



0.4446 3.832 0.2973 2.575 Forward Rates 49-day 1.5760 1.5953 1.2825 1,5754 1,5751 1,1534 Sources: ING Book (Amelerdom); Indosvez Book (Bri SOURCES: THE SOURCE PRESS (Peris); Bank of Tokyo (Tokyo); Royal (Milan); Agence France Press (Peris); Bank of Tokyo (Tokyo); Royal (Toronto); (MF (SOR), Other data from Reviers and AP.



Key Money Rates





5%-5% 5%-6

4 W-4 W

414-416 416-472 472-476



Dow Jones Averages

Standard & Poor's Indexes

NYSE Indexes

NASDAQ Indexes

AMEX Stock Index

NASDAQ Diary

Spot Commodities

0.458 116 213.00 5.29 119.57 1.5674 0.4573

in the year earlier.

billion francs.

Operating losses were 433 million francs (\$80.6 million) against 1.2 billion

francs a year earlier, the company said.

The group said its net loss of 843

million francs in the first half of 1994

compared with a loss of 2 billion francs

EUROPEAN FUTURES

Dollar Buffeted By GDP Report

NEW YORK - The dollar keting at Commerzbank in New fell against major currencies Friday after a report showing slower-than-expected economic growth convinced many traders that the Federal Reserve was less likely to raise interest rates

Speculation that Washington and Tokyo will make progress in talks aimed at curbing Ja-

Foreign Exchange

pan's swollen trade surplus buoyed the dollar against the yen, meanwhile. It closed at 99.95 yen, little changed from 100.05 yen Thursday.

The dollar's slump against the Deutsche mark started after the Commerce Department said U.S. gross domestic prod-uct grew at an annual rate of 3.7 percent in the second quarter, slightly below what many economists and traders expected.

The U.S. currency closed at 1.5829 DM, down from 1.5916 DM on Thursday.

"The numbers show that there is no need to raise rates in francs. The dollar fell to 1,586 the U.S.," said Victor Polce,

points, pushing the yield down to 7.39 percent, the lowest closing yield since June 23, and down from 7.55 percent Thurs-"The bond rally should keep

The dollar fell against most other major currencies, slipping to 5.4095 French francs from 5.4330 francs, where it ended on Thursday, and weakening to 1.3395 Swiss francs from 1.35 lire from 1,600 lire.

head of foreign-exchange mar-

Speculation that U.K. inter-

Mr. Polce and other traders

suspect the dollar's losses

against the mark will be tempo-

est rates are poised to rise next

week for the first time since 1989 helped sterling rise to

\$1.5430 from \$1.5263.

rally strongly Friday.

GROWTH: Wall Street Rallies

Continued from Page 7 that the biggest boost to the economy in the spring quarter came from a huge \$54 billion

build-up in inventories. During the fall and winter, businesses had bought and then quickly sold goods to feed the consumer buying spree that

U.S. Stocks

powered the recovery. But in the spring quarter, final domestic demand grew by only 1.5 percent and personal consumption by only 1.2 percent, the smallest gain since the end of 1991.

What businesses will do with their stockpiles is the chief imponderable for the summer quarter. Economists never are sure until after the fact whether big stockpiles mean that husinesses have correctly assessed future sales or have been caught short by stocking up too much. At present, the balance of opinion leans toward the latter, but not decisively.

Ed Yardeni, of C.J. Lawrence, said he expected consumers to catch a second wind this summer and buy up the stockpiles, righting the growth equa-tion. Laura D'Andrea Tyson, who heads President Bill Clinton's Council of Economic Ad-

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shelves for the good times to

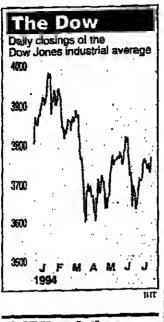
keep rolling. Whatever actually happens this represents a scissors that could cut the country's economic cloth either way. That uncertainty was too much for the bond market. "Everybody speculates, no-

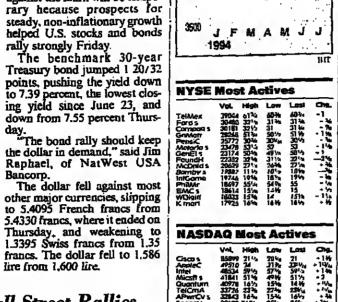
body has any long-term convictions, and the market found itself overextended when the figures came out," said Sam Kahan, of Fuji Securities, explaining that big bets on an inflationary economy, zooming interest rates and falling bond prices had suddenly turned sour. That created a "short squeeze" on the inflation pessimists, forcing them to cut their losses by buying honds they had sold short.

■ Auto, Oil Stocks Strong Auto stocks and utilities paced the rally, news agencies reported.

Ford rose % to 31% and General Motors climbed 1 to 501/2 as prospects receded for an increase in consumer lending rates. The stocks also were still getting a lift from record-high earnings reports released this

Teléfonos de México's American depositary receipts were visers, agreed and said that the most actively traded Big





Market Sales

Compiled by Our Staff From Dispatches

PARIS - Groupe Bull's chairman,

Jean-Marie Descarpentries, said the

company's first-half results, announced

Friday, could enable it to start the pro-

cess of sale into the private sector as soon

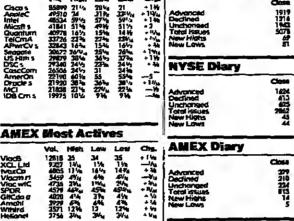
The group said earlier that it was ex-

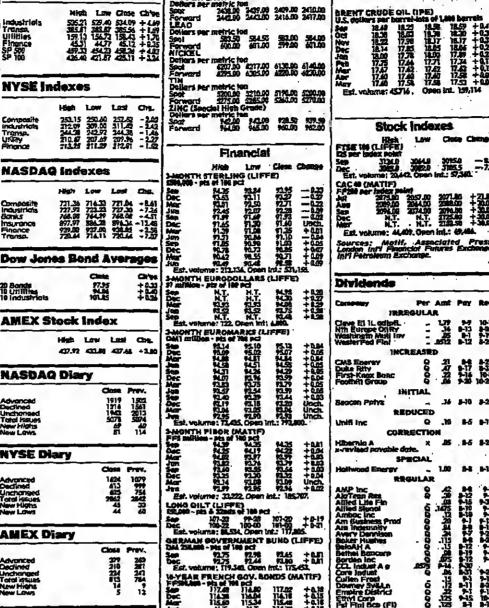
pecting a break-even result at the operat-

expected," Mr. Descarpentries said.

"Improvement of results is faster than

ng level this year.





With Losses Cut, Groupe Bull Sees Early Private Sale the operating level from 1994 seems now attainable," a statement said.

The results were better than expected. the company said. If the contribution of its partnership with CISI is included, sales rose 12.4 percent. That partnership will be included in Bull's second-half

Sales were 11 percent higher at 13.8. The company said cuts in non-salary costs such as real estate and supplies The objective of the executive comwere responsible for the improved reminee and all operational directors of turning the group back to break-even at (Reuters, Bloomberg, AFX)

U.S./AT THE CLOSE

Xerox Profits Up 50% in 2d Quarter STAMFORD, Connecticut (AP) — Xerox Corp. reported Friday that second-quarter profit jumped 50 percent because of

rising productivity and an increase in equipment sales.

The company carned \$168 million in the three months ended. June 30, compared with \$112 million, in the year-ago period,

Revenues rose 4 percent, to \$3.58 billion.

The gains were driven in part by an 11 percent increase in equipment sales. Xerox cut about 1,400 jobs from its core document-processing business in the second quarter.

Novell to Cut Staff After Purchase

HONG KONG (Bloomberg) — Novell Inc. said it would spell out plans in two weeks to lay off workers after its June acquisition of Ward Parkers.

Robert Frankenberg, Novell's president and chief executive officer, said the reductions would be significant and would affect. staffs of both companies.

Six Firms Win New FCC Licenses

WASHINGTON (Bloomberg) — Six companies won new broadcast licenses Friday, outbidding competitors in the government's first-ever auction of the airwaves. The six have agreed to pay a total of \$617 million for the narrowband licenses, which

pay a total of \$617 million for the narrowband licenses, which they will use to develop new personal communications services, including advanced paging and two-way message services.

The winning bidders included Paging Network of Virginia, a unit of Plano, Texas-based Paging Network Inc., which had the winning bid for two of the most powerful two-way paging licenses and a third license to provide one-way services. Paging Network bid \$197 million for the three licenses.

McCaw Cellular Communications Inc. had winning bids for

McCaw Cellular Communications Inc. had winning bids for two of the most powerful two-way licenses, bidding \$80 million' teach, for a total of \$160 million. Other winners were Mobile Telecommunications Technology Corp., known as Mtel, Bell-South, Airtouch Communications Inc. and Pagemart Inc.

Results Exceed Expectations

CLEVELAND (Bloomberg) — LTV Corp., the last of the five largest U.S. steelmakers to report second-quarter results, weighed in Friday with robust earnings, capping a prolific and profitable quarter for the American steel industry.

LTV, which emerged from seven years of bankruptcy protection in June 1993, earned \$37.5 million, exceeding Wall Street's

LTV stock jumped \$1.625 to \$18.75, or nearly 7 percent gain, on volume of 652,400 shares, more than double its three-month-

Foundation Health to Buy Intergroup

RANCHO CORDOVA, California (Bloomberg) — Foundation Health Corp., seeking to expand into a national medical network, Friday said it would buy Intergroup Healthcare Corp. for about \$720 million in stock.

Foundation Health also will acourte Thomas-Davis Medical .
Centers, which owns 63 percent of Intergroup's stock, through a.
tax-free pooling of interests valued at \$444 million. Foundation
Health stock fell \$2.875, to \$32:125 in active trading Friday.

Mobil Takes \$680 Million Charge

NEW YORK (Knight-Ridder) — Mobil Corp. said Friday it would take a noncash, after tax charge of \$680 million retroactively against first-quarter results for a change in accounting methods. As a result, the company restated its first-quarter earnings to show a net loss of \$145 million, compared with a gain of \$535 million originally reported. The accounting change centers on how the company values its inventories of crude oil and refined

IBM Closing Ambra Mail-Order Unit

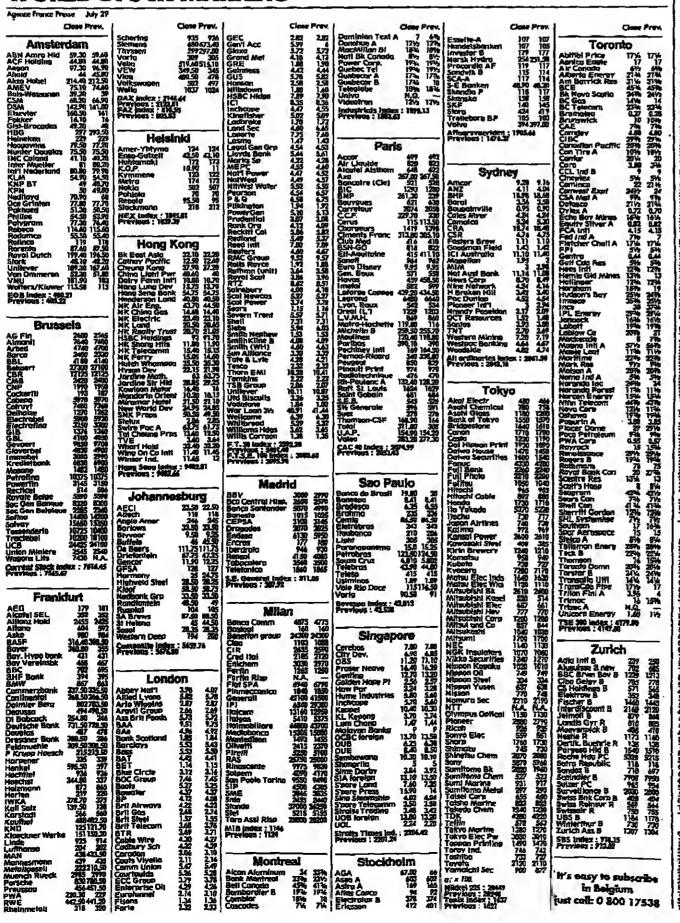
ARMONK, New York (Bloomberg) - International Business Machines Corp. plans to close Ambra Computer Corp., its low-cost, mail-order personal computer business, within 90 days.

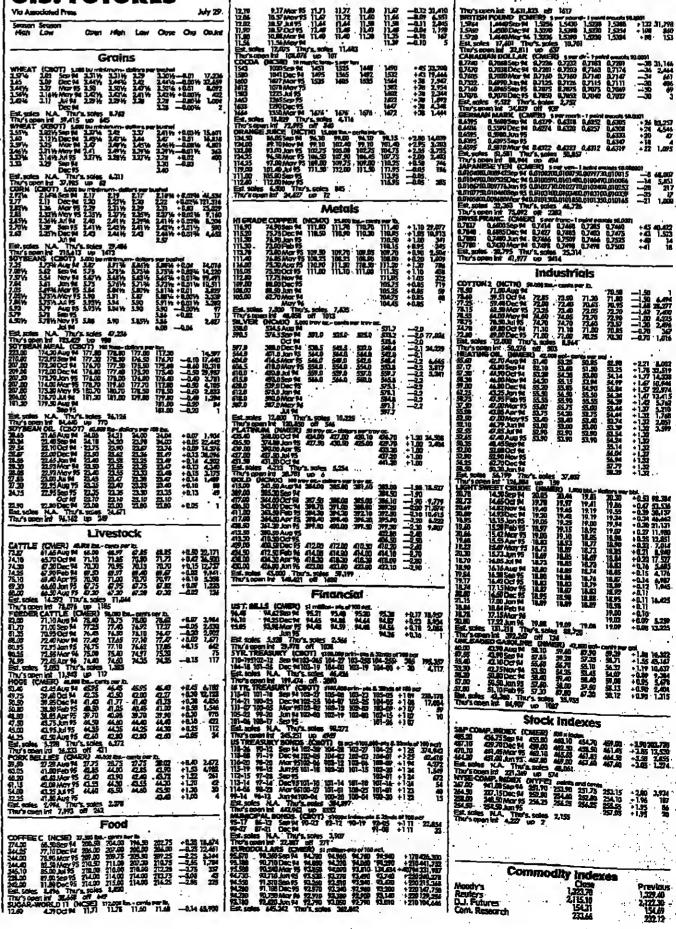
Earlier this week, IBM said it was consolidating its personal computer business in the face of slowing growth.

For the Record

Wal-Mart Stores Inc. will invest \$100 million to build two superstores in Buenos Aires, according to La Nación newspaper. (Knight-Ridder)

WORLD STOCK MARKETS





EUROPE

Buoyed by Talks, **IMF** Promises Aid To Spur Belarus

MINSK, Belarus - The International Monetary Fund will help Belarus develop market reforms and overcome its economie woes, the fund's managing director promised Friday. Belarus, situated between Russia and Poland, can no longer be "an island of mertia,"

Michel Camdessus said at a

news conference after meeting

with Alexander Lukashenko,

who was elected earlier this

month as the first president of the former Soviet republic. The country followed a conservative course after the collapse of the Soviet Union, trying few economic reforms and maintaining close political ties

with Moscow. Its economy has been plagued by falling output and inflation soaring at about 30 percent a month so far this year. "We're ready to raise attention and support," Mr. Camdessus said, "We're not go-

ing to bring an IMF program to Belarus. 1 support the program In his inaugural speech, Mr. Lukashenko promised to start

reforms, although be had built his campaign on vows to establish state control of the econo-Details were scarce on a re-

form program being forged by the Belarus government.
"The former government was only taking half-measures, while now we're going to em-bark on the path of the radical, large-scale reforms," Deputy Prime Minister Mikhail Myas-

nikovich told reporters. Mr. Myasnikovich also said that Belarus officials at the IMF talks had raised the issue of Belarus' I trillion rubles (\$500 million) debt to Russia

for energy resources. Mr. Myasnikovich said Belarus hoped the IMF would make a concrete decision on the technical aid to Belarus in October after having considered

the Belarus reform program. Earlier this week, Mr. Camdessus visited Ukraine, having made similar pledges to the newly elected Ukrainian president, Leonid S. Kuchma.

NYSE

Friday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
te trades elsewhere. Via The Associated Pre

■ Ukraine Charts Reforms Earlier, Jill Barshay of The New York Times wrote from

The bead of the International Monetary Fund met with Ukraine's new president this week and said they would work together to develop an economic program that could open the door for the \$4-billion aid package promised to Ukraine at the economic summit meeting this

month in Naples. The managing director of the fund, Mr. Camdessus, announced "the beginning of something important and positive for Ukraine" after meeting on Wednesday with Mr. Kuchma, who took office on

July 18.

If the program is successful, the first part of a \$700-million loan could be issued by October, officials said.

The IMF's cooperation is important because it sends positive signals to private foreign investors. Ukraine, where eco-nomic reform has been more sluggish than elsewhere in the former Soviet Union, has received very little investment

Vice President Al Gore has also accepted an invitation to visit Kiev next Tuesday after a visit to Poland to commemorate the 50th anniversary of the Warsaw uprising. Washington has been concerned with Ukraine's unstable economy, and Mr. Gore's visit is seen as an effort to give a boost to the new president.

Mr. Camdessus said after his talks in Kiev that he was "impressed with the determination of the president and the prime minister," adding that Mr. Knchma had drafted a "document which really touches upon

the key issues. The IMF official made his first visit to Kiev to keep a promise made to Mr. Kuchma last spring in Washington. Mr. Kuchma challenged Mr. Camdessus to come if he won the election and had concrete

economic proposals ready.
"I said 'OK,' " Mr. Camdessus recalled. "Then the president sent me an invitation the day after his inauguration."

Bears Prowl in Frankfurt Weak Dollar Dims Export-Linked Stocks

By Ferdinand Protzman

New York Times Service - The dollar's recent weakness against the Deutsche mark is dimming the outlonk on the Frankfurt Stock Exchange to the point that some equity experts are pruning their lists of buying recommendations and suggesting that investors reduce their German stock holdings.

Since the beginning of the year, the dollar's value has dropped 10 percent, from 1.7500 marks to about 1.5749 marks. That decline has, in turn, diminished earnings expectations in Germany's export sector, which has been the bright spot in the economy so far this

With a weaker dollar, export earnings in dollars are sharply reduced when they are translated back into profits in marks.

The weaker dollar is already starting to diminish the flow of export orders to German industry, particularly in areas like machine tools, where most pricing is done in dollars. And analysts have lowered their ratings on dollar-sensitive sectors like chemicals, automobiles and machinery.

Some analysts have also removed Daimler-Benz AG, Germany's largest industrial company, from their lists of recommended stocks. Heinrich Ackermann, chief economist at Bank in Liechtenstein in Frankfurt, said: "Daimler is a good example of a company that can be hurt by the dollar's decline. We are no longer recommending it."

The weak dollar is expected to cut into Daimler's sales of Mercedes-Benz cars in the U.S. market. Meanwhile, sales of the Freightliner truck subsidiary in the United States, which have been doing well, will be eroded when they are translated at the end of the year into marks for inclusion in Dairnier's group

The company is also beavily involved in the aerospace business and its carnings can be burt by a weak dollar because aircrass sales are conducted in that currency worldwide.

Expectations that German companies' ex-

port earnings would be significantly higher in 1994 because of the firm dollar bad belped push the Frankfurt exchange's 30-share DAX index to a peak of 2,271.11 on May 16. Now the fear is that the dollar will remain weak for

the foresceable future.
"There is considerable downside risk," Mr. Ackermann said. "Exports have been the most dynamic factor in the economy. But we expect the weak dollar to lead to reduced profits from business in the U.S. It will also affect the competitive situation for goods that are sold worldwide in dollars, like aircraft."

The DAX closed at 2,140,44 Wednesday, down 11.52 points and well above its year-todate low of 1,968.22 reached on June 20. But the index is now 5.2 percent below its high for

In the next three months, analysts said, the weak dollar and a variety of negative technical factors could combine to push the DAX down near 1,800 before it stabilizes.

Lloyds Bank Profit Up 21% in Half Year

LONDON — Lloyds Bank PLC announced a 21 percent increase in half-year pretax profit on Friday, in line with market expectations but toward the low end of the range.

Profit rose to £605 million (\$930 million) from £498 mil-

lion, while the dividend was increased 14 percent to 7.5 pence. The chief executive, Brian Pitman, said he was confident of further progress at Lloyds, the smallest of Britain's four large commercial banks, but analysis expressed some dismay over allusions made by the company to tougher business conditions in the future.

"Despite competition intensifying, we are confident of further progress," Mr. Pitman said. "Although the outlook for interest rates and exchange rates remains uncertain, we expect to continue to benefit from the commitment of the main industrial nations to low inflation and sustainable economie

"This warning about competition will not be taken well," said the analyst Alison Deuchars at the brokers Lehman Brothers. "There is no evidence of pressure on margins despite what looks like a warning about it."

She said the bank's domestic margin was up 20 bas's points from the end of the year and was level against last year's first

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Iberia Group Losses Decrease in First Half

AFP-Extel News

MADRID — Iberia Lineas Aéreas de España SA said Friday that group operating losses narrowed to 12 billion pesetas (\$92.8 million) in the first half from 24 billion a year earlier. boosted by higher sales and

The group swung to a 1.5 illion peseta operating profit in June from a 1.9 billion peseta loss in 1993.

"We will become the biggest scheduled bus, chartered bus and travel bus producer in Eu-

Executive Helmut Werner said to journalists.

Mercedes-Benz said it may cut 1,100 jobs at Mercedes and

A Mercedes board member, Horst Zimmer, said it looked as if the 1.100 workers would not be needed after the middle of 1997. But he added that if markets recovered strongly, it might not be necessary to cut the jobs. About 400 jobs at Mercedes

The takeover should be com-pleted by Jan. 1, 1995, after the

has 12 percent.

The long-awaited deal shuts
out Sweden's Volvo AB, which recently expressed an interest in taking a stake in Kässbohrer.

Mercedes To Absorb Kässbohrer

STUTTGART — Mercedes-Benz AG, a subsidiary of Daimler-Benz AG, said Friday it would take over the passenger bus operations of Karl Kassbohrer Fahrzeuge GmbH.

The acquisition of its biggest German rival should help return Mercedes bus production to profitability, the company said. Mercedes did not disclose the value of the transaction.

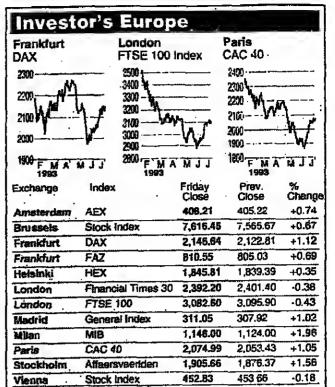
rope," Mercedes-Benz Chief

Kässbohrer as a result of its

were involved, as well as 700 at Kässbohrer.

Ulm-based company completes reorganization that includes the slashing of a third of its workforce.

Mercedes does not expect the European Commission to object to the acquisition, which will give the combined passenger bus operations nearly a 30 percent share of the European market. Mercedes currently has 17.9 percent while Kässbohrer



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Very briefly:

SBS

• Elf Aquitaine will sell to Banque Nationale de Paris its financial holding subsidiary Financière Gamma in exchange for a 4 percent stake in the bank.

918.15

912.02

Rothmans International PLC said its first quarter to June operating profit was slightly ahead of last year's result.

• Nestle SA will cut 450 jobs at unit in Britain over the next 18 months. A total of 320 jobs will be lost at the south London headquarters, 70 jobs will be lost at York and 60 in Hadfield.

 Skis Rossignol SA will acquire the ski-binding business of Skis Look for an unspecified amount.

• FINA Inc. said its net profit in the second quarter of 1994 fell to \$13.3 million from the \$61.9 million it reported in the same quarter last year. Sales in the second quarter fell to \$838 million from \$931 million a year earlier due to lower crude oil and petroleum-product volumes and prices.

• Remy Cointrean's profit rose to 1.2 billion francs (\$222 million) in its first quarter to June from 1 billion francs a year earlier.

• The European Commission has allowed Procter & Gamble Co. and Fater SpA to go ahead with their joint venture after the sale of Fater's diaper husinesses in Italy, Spain and Portugal,

 Slovakian industrial production was up 20 percent in May over the same month a year ago. Knight-Rudder, 4FP, Reuters, AFX

TELEFONICA: More Cash

manage the companies. Although Telefonica is not saying. it has been estimated that the contract could not the company well over \$500 million during its 20-year life.

Joanne Smith, a telecoms analvst at Prudential Securities. said the reason the price seemed

While the growth possibilities in Latin America are enormous, they are limited in Spain. Telefónica's shares took a hit last week after a new government-imposed, and presumed stingier, rate structure led two analysis to cut their earnings

estimates. Juan San Roman, an analyst at Salomon Brothers Inc., prohigh at first is that Peru has jects net income at Telefonica only 2.7 phone lines per 100 internacional to grow at 25 perpeople, so the price per line is cent a year, or twice the rate of high. But she said that another the parent company. He figures way to look at it is to see that that in five years, the subsidthe potential exists to wire up iarry's contribution to Telefonithe homes and businesses of the well, to 45 percent.

NOTICE TO THE SHAREHOLDERS OF ESPRIT (EUROPEAN PARTNERS INVESTMENT TRUST)

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Japan Prices Down, Jobless Rate Rises To 7-Year High

Compiled by Our Staff From Dispatches
TOKYO — Unemployment in Japan rose to a seven-year high in June, while consumer prices slipped, the government

said Friday. Unemployment rose to 2.9 percent in June from 2.8 percent in May. Consumer prices fell 0.4 percent in June from May, but rose 0.6 percent from

a year ago, the government said. The closely watched jobs-toapplicants ratio fell to 63 in June from 64 in May, the Labor Ministry said. The figure meant there were only 63 job offers for every 100 applicants at government job placement offices.

As we see from our June figures, the employment situation still remains very harsh," a ministry official said. "The number of new jobs available improved for the first time in the last three years. But the jobs-to-applicants ratio failed to rise because there were more people looking for a job."

Employment conditions gencrally lag the economy by about recovery is under way.

Some economists said they expected the jobless rate to soon surpass the record of 3.1 percent set in June 1987.

As for consumer prices, many analysts said Japan's real inflation rate was lower than that suggested by government The basket of goods tracked by the consumer price starts were up 9.9 percent from index does not include items commonly sold at discount stores, they said.

The government also said that consumer prices in the Tokyo area fell 0.3 percent in July from a year earlier; the Tokyo data lead the overall data by a month. While local consumers are hailing a "price revolution," some analysts warned that the

deflationary tone did not sound a positive note for the economy.
"We think price deflation is one of the danger points of the Japanese economy," said Andrew Shipley, an economist at Lehman Brothers. "As demand picks up, it's going to be on lower-priced goods, which is

going to depress sales." That may force manufacturers and retailers to cut wages to protect their bottom lines, analysts said.

"Deflation cuts both ways," Donald Kimball said, an economist at Mitsubishi Bank, "It may come back to haunt house-

Falling prices also may be part of the reason the household spending survey, compiled six months, economists said. Agency, has decumed as straight months. Cheaper goods add up to less total spending.

farm salary, adjusted for infla-tion, rose 7.1 percent in June from a year earlier and consumer confidence rose to 41.1 in the month from 38.1 in May.

Also, housing starts jumped 10.6 percent in June from the previous year. In the first six months of the year, housing the 1993 first half.

(Bloomberg, Reuters, Knight-Ridder)

Luxury Cars Amid the Donkeys

TASHKENT, Uzbekistan — The dusty streets and roads of Central Asia, where horses and donkeys still amble along, are an unlikely setting for a mar-ket-share battle between makers of luxu-

cars.

Kazakhstan and its neighboring former Soviet republics in Central Asia comprise a region of more than 50 million people linked over vast expanses of steppe and desert by potholed roads.

Mercedes-Benzes do not "purr" on these roads. They lurch and bounce. But

a growing number of nouveau riche are buying luxury cars that cost hundreds of times the average annual wage. "I am surprised, too, at how people can afford them — but they can." Tony Larsson, sales manager for Sweden's Volvo Car International AB, said in

Alma-Ata, capital of Kazakhstan. Volvo has sold about 500 cars in Kazakhstan, a country of 17 million people that many predict may become a wealthy nation within 10 years as a result of oil

Mr. Larsson said 2,000 or 3,000 for-

eign cars could be sold in Kazakhstan this year. In about five years, the number could rise to 5,000 or 6,000.

Other car manufacturers appear to be equally optimistic. Mercedes, Recault, Volkswagen, General Motors. Toyota. Daewoo, Skoda and others all rented space last month at the first motor show ever in Kazakhstan.

Amid publicity stunts like a Miss Motor Show beauty pageant, companies negotiated deals as tens of thousands of cople came just to look.

While the show is going on, we will sign two contracts with local dealerships to start our business in Kazakhstan. said Jakob Dockter, the Volkswagen manager for Central Asia.

Both Mr. Dockter and Mr. Larsson

said they were interested in expanding sales to other countries in the region, especially Uzbekistan and Turkmenistan. Sales to Kyrgyzstan and Tajikistan are also possible

Mercedes has already opened a dealership in Uzbekistan, a resource-rich neighbor with a population of 22 million. \$120,000 for a Mercedes 600. Others might follow. "We have many

people looking for potential markets."
Mr. Larsson said. "This process is going oo intensively."

The push for markets on the fringes of what used to be the Soviet Union has been propelled partly by fading interest in the Russian market caused by Moscow's raising of import duties to 120 percent of value.

The Central Asian nations and Kazakhstan - unlike Russia - have no domestic car industries to protect from foreign competitors so their tariffs are

Foreign company representatives say import duties are not significantly damaging prospects.

Foreign diplomats and bankers say a vast imbalance between rich and poor in Kazakhstan and other former Soviet republics is behind the sale of luxury foreign cars.

The average wage in Kazakhstan is about 400 tenge (about 59) a month. But a new class of entrepreneurs, as well as corrupt officials, can afford to pay

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Profits by Cost-Cutting

TOKYO - Bridgestone Corp., the world's second-largest tire maker, said Friday that cost-cutting measures contribnted to the company's first rise in half-year earnings in three

Bridgestone said current profit rose 23 percent, to 16.912 billion yen (\$172 million) in the half-year period ended June 30. But sales fell 5 percent, to 287.967 billion yen, Bridges-

Profits for the full year, which ends December 31, will reach 45 billion yen on sales of 600 billion yen, the company said.

The company's cost-cutting effort made possible the rise in profits, even though sales fell." said Hiroshi Kanai, a Bridgestone director in charge of corporate finance. Bridgestone achieved savings on fixed costs and interest payments of 14 bil-lion yen, Mr. Kanai said.

He said sales of antomobile tires, which account for 73 percent of the company's total revenue, fell on the year because of slumping demand for new cars in Japan. Exports of tires rose, but because of strength of the ceived less revenue for its overseas sales, Mr. Kanai said.

He said the company lost about 1.5 billion yen in revenue for each one-yen rise against the

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RUSINESS

OPPORTUNITIES

Bridgestone Chinese Investors Bail Out of Stocks

Compiled by Our Staff From Dispatches SHANGHAI - Shares on than bank deposits. the Shanghai Stock Exchange reserved for Chinese buyers ly to continue falling if no gov-

plunged to a record low Friday, erroment stimulus emerges. losing 2.19 percent as local investors bailed out of the faltering market. The so-called A-share index share index.

dropped 7.38 points, to 328.84, building on Thursday's tumble The index has suffered from

lack of volume and a flood of new issues. The government's Credit Lyonnais Securities, apparent lack of ability to remedy the situation has turned iner than the stock market.

bond yields are no match for reserved for foreign investors. China's runaway inflation, rose 4 percent Friday in step bonds are seen as a safer bet with a firmer dollar and gains in than the plunging stock market the Hong Kong stock market.

and offer a higher rate of return Brokers said the index is like-

A lack of confidence in the management of listed companies also is undermining the A-

Investors are concerned about quality of earnings ann a company management that shows it can adapt as China changes, said C.Y. Ho, a China analyst with

"carnings quality and company

Emerging-market funds also are fueling the B-share rise, said Newman Mou, a trader with Smith New Court Far East.

These include Templeton Investment Management (Hong Kong) Ltd. and Nomura Securities Co., which recently teamed up to raise between \$60 million and \$500 million to invest in Asian equities.

But traders warned that the new money may not last long.

"New funds are pushing up This market's all about this market so we may see it earnings quality and company come down a little next week vestors to corporate bonds rath-er than the stock market. Transparency," he said. once they have finished their Meanwhile, the exchange's initial buying," said Mr. Mou Although most corporate index of B shares, which are said. "The stocks that are rising are typical picks for new funds looking to enter this market."

(Bloomberg, Reuters)

Very briefly:

· Goodyear Tire & Rubber Co., concerned over soaring rubber prices, threatened to switch to alternative raw materials instead of the 1 billion pounds (450,000 kilograms) of rubber it buys annually. "The potential of synthetic rubber has improved," said Gary ly. "The potential or synthem. Miller, vice president for purchasing.

• Yokohama Rubber Co. raised its pretax profit forecast for the six months to June to 2.5 billion yen (\$250 million), up from its earlier projection of 2 billion yen. The company said the higher forecast reflected cost-cutting.

 Texas Instruments-Acer Inc., one of Taiwan's largest semiconductor makers, said net profits for the first half of 1994 rose to \$40

million on increased output of 4-megabyte computer memory chips at the company's Hsinchu factory and stable market prices. Ashta International Inc. is investing in two processing plants and dairy farms with Vietnam's Vinamille

 BHP announced that the owners of the Escondida copper mine in Chile had agreed to a boost in production from 480,000 tons of fine copper a year to an average 800,000 tons annually.

Renault cars are to be sold in Yokohama by Nissan dealers.

• Fraser & Neave Ltd. said its joint venture with Coca-Cola Co. is bidding to take over Sri Lanka's Coke bottler.

AFP, AP, Reuters, Bloomberg, AFX

Seoul Deficit Widens in June

SEOUL - South Korea said Friday it had posted its sixth consecutive monthly current account shortfall in June, but economists said the economy showed healthy expansion aided by improving exports and capital investment.

The June current account deficit was \$173.2 million compared with deficits of \$108 million in May and \$642.8 million

Preliminary figures released by the Bank of Korea showed a shortfall totaling \$2.71 billion for the first half of the year against \$1.17 billion in the same period in 1993. The Bank of Korea said that a sharp rise in imports and an expanding deficit in invisible trade had contributed to the

increasing deficit inspite of improving exports. The central bank revised its forecast for the whole of 1994 to a \$2.5 billion deficit, after having earlier estimated a surplus of \$500 million to \$1 billion.

"Our economy is on an expansionary curve after escaping from the doldrums," said Keith Nam, the Scoul representa-tive of H. G. Asia Ltd. "Increasing capital imports, even though they have put the current account into the red, look to be a positive sign."

Tata Votes to Double Stake in Its Flagship Steel Firm

Agence France-Press

BOMBAY - Shareholders bave agreed to allow the Tata industrial group to double its stake in its flagship company, the Tata Iron & Steel Co., to 15 percent, a spokesman said on Friday.

A resolution for the increase was

moved by Ratan Tata, chairman of Tata Steel, India's largest private steel company, at its annual meeting Thursday. He told shareholders that the company's directors had recommended the rise by issuing 30 million

"This will add seven billion rupces (\$233 million) to the company's funds and also indicates the Tata's commitment to the firm which we have promot-

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ed and nurtured for 87 years." Mr. Tata, 57, said.

The resolution was passed by a sbow bands although four shareholders,

Four shareholders fail in effort to force a vote.

holding about 6,000 of the total of 330 million shares, tried to force a vote. front payment of 5 percent. The warrants will be converted into equity shares

after 18 months. The decision comes in the wake of a controversial interview Mr. Tata gave to year by 2000.

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Business Today that quoted him as say-ing his company faced a takeover threat from an expatriate Indian. Mr. Tata later denied that a specific takeover threat existed against the \$1.3

billion company, but the magazine stood by its report. More than 40 percent of the company is controlled by Indian financial institutions and an equal portion by sharehold-

ers, making it vulnerable to a takeover bid, Business Today said.

13 percent, to 2.44 million tons, during the year to March 31, 1995. India's steel consumption is expected to rise to more than 30 million tons a

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Hong Kong Sets Auction of Lots Knight-Ridder

HONG KONG - The Hong Kong government will auction three lots of land in the mainland portion of the colony on Aug. 23, it announced Friday.

The highlight of the auction will be 15,250 square meters (18,000 square yards) of land zoned for residential use in an area known as Tai Po. The developer of that lot will bave to complete a project with a floor meters by Sept. 30, 1998.

The other two lots are zoned for industrial use: a 3,350square-meter site in Kwai Chung and a 2,435-square-meter site in Yuen Long.

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Hard Lesson For Russian Investors

HE events of this week eradicate what little doubt there may have been that truth is indeed stranger than fiction. If you concocted a story like the MMM investment company fiasco in Russia, you would not be be-lieved. The advice would be to get back to your word processor and come up with something remotely plausible.

The structure of the tale is old and

unvarying — unalloyed greed, speculative frenzy, terminal collapse. But the facts of the MMM case are bizarre to a spectacular degree

More than 10 million people invested in a company that never divulged its investment policy. What MMM did have was an aggressive television advertising campaign that showed ordinary people making an investment Tuesday and getting a hand-

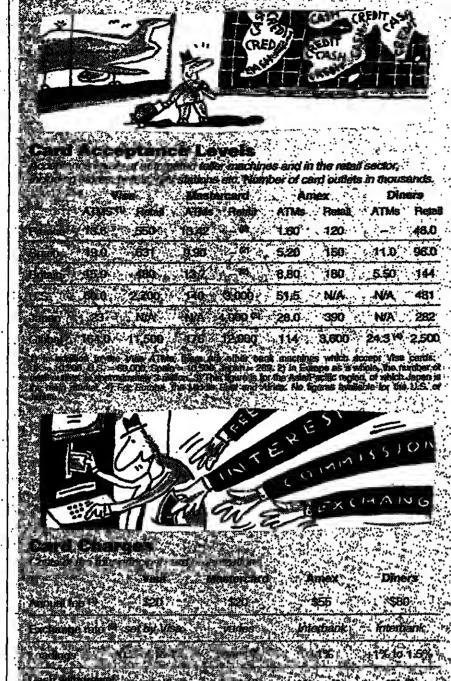
some return on Thursday.
Investors were promised that the company would buy back its shares at a higher price than that which investors had paid. At first it seemed like a wonderful device for gaining instant riches. The money rolled in from investors who clearly believed in the existence of free lunches, and the stock price of MMM rose an astounding 5,000 percent since its flotation in February.

Now, the bubble has burst, and the scene in front of MMM's Moscow headquarters is chaotic. The stakes for some of these Russian investors, waiting gamely, perhaps futilely for a chance to redeem their shares, are high. For some, oothing less than their life savings hangs in the

Those seeking silver linings claim that the failure of MMM at least will lead to a better system of regulation in the emerging free-market economy of Russia.

But will a new system of regulation serve a useful purpose? The astounding . . oaivety of Russian investors and the de-.... sire for profit are perhaps beyond government control.
As J.K. Galbraith wrote in A Short

History of Financial Euphoria: "Regulation outlawing financial incredulity or mass suphoria is not a practical possibility. If applied generally to the homan condition, the result would be an impressive, perhaps oppressive, and certainly ineffective body of law.



The Pitfalls of Paying with Plastic

Cards are Convenient, but Hidden Charges Can Hit Users

By Barbara Wall

LASTIC, in the form of credit. debit and charge cards, is a rela-tively safe and handy means of accessing and spending money abroad. But is the cost of convenience too

A recent report published by the Dutch consumers association, Consumentenbond, notes that it is not always easy to work out card charges and commissions on payments and cash withdrawals be-cause of "a lack of transparency in the

field of cross-border payment systems."
Pieter Walraven, author of the report. commented: "A priori information given to consumers applying for a card, about the various commissions and rates, is too often incomplete and incorrect. Although the European Commission has stressed the need for greater cost transparency, the ssuing banks seem unwilling to rectify the

The British consumer's association is also critical of the vague and imprecise nature of card charges. A spokesman for the association commented: "The cardholder cannot be sure of the final charge until the statement arrives, and even then he is not given full details of how that charge is calculated — just the amount in foreign currency and the amount owed in

There are certain charges attached to the use of payment cards abroad that do not occur in the case of domestic use. For example, card issuers fix conversion rates for payments and cash withdrawals made abroad. A payment from the consumer to the card issuer is included in the exchange rate — a form of hidden commission fee, calculated as a percentage. This hidden commission can be as high as 4 percent, although 1.5 to 2.0 percent is fairly standard amoogst European issuers.
On top of the exchange-rate load, a

stated commission is charged for using cash dispensers and withdrawing cash at the counter. The amount varies depending on the card, the issuer and the country of issue. The commission can be expressed as a percentage or a fixed sum. If it is the latter, as is often the case in France and the U.S., withdrawals of small amounts

can turn out to be relatively expensive.

Some issuers apply a combined commission fee, charging a commissioo in terms of a percentage and a minimum charge expressed as a fixed sum. BarclayPage 15

Deluxe Cards Combating Fraud Card Debt Securities

percent of the transaction amount, with a minimum charge of £1.50 (\$2.25).

"Where issuers apply combined commission fees, card users are in a oo-win situation," said Mr. Walraven. "It is both expensive to withdraw small sums because of the fixed sum commission, and expensive to withdraw large sums as a percent-

age fee will then apply."

Unlike the travel and entertainment cards issued by American Express and Diners Club, Visa and Mastercard issuers do not generally charge a commission on card payments apart from the load in the exchange rate. However, there may be other indirect charges attached to making payments with plastic that consumers are oot always aware of.

Retail outlets or card acceptors have to pay a commission to the card issuer every time a card is used to pay for goods or services. In the industry, this commission is known as the merchant discount rate. Mr. Walraven notes that this cut in profit margins often encourages retail outlets to either refuse a card or increase the price of goods purchased with a card.

In a oumber of countries, ootably Switzerland and Italy, cards are not accepted as a means of paying for articles sold at a reduced price," he said. "In Germany, petrol is often subject to a price increase of 50 pfennig (31 cents) when paid for with a Diners' Club card, and in the Netherlands, special offers for footwear and clothing can be subject to an increase of 5 percent where plastic is the payment mechanism."

Credit card users should also be aware of the high cost of borrowing money on cards. It used to be that card issuers would only start charging interest on transactions from the statement date. Nowadays, it is quite common for issuers to charge interest from the date payments are debited to the account.

An alternative is trading your credit card for a debit card in order to avoid interest payments completely. Visa's Electron card and Mastercard's EDC/ Maestro operate as debit cards, but according to Richard Martin, editor of Cards International, a Dublin-based trade magaz International Herald Tribune and Mastercard, charges customers 1.5 "debit cards are generally oot as widely Bank and Most Bank.

accepted abroad as credit and charge cards."

Plastic may not be the cheapest crossborder payment mechanism around, but it is thought to be safer than cash and generally a better value than travelers cbecks.

Credit card companies deal io vast sums of foreign currency so they are able to barter for very attractive exchange rates on the wholesale markets," said Liz Phillips, director of the Credit Card Research Group in London. "Although charges are subsequently incorporated into the exchange rate and commissions are levied for cash withdrawals, payment cards still tend to work out to be less expensive than travelers checks."

As well as paying a commission of around I percent on the amount of travel-ers checks purchased, customers sometimes have to pay a cashing fec of up to additional 2 percent. Some banks in Portugal, for example, charge a flat fee equivalent to about \$12 per transaction.

Vacationers are generally advised to avoid relying on just one cross-border payment method. Travelers checks are not always easy to replace once lost or stolen, despite fervent advertising campaigns that promise reliability, and credit cards have a nasty habit of being swallowed by cash dispensers when you least expect it.

If you are taking plastic abroad, verify that payment cards are widely used in the destination country. Levels of acceptance vary significantly between countries. There is a high degree of card acceptance in France, Belgium, Spain and Britain, for example, where even small sums can be paid for with bank cards. In Denmark and Germany, bowever, the level of acceptance is much less prevalent.

Outside Europe, Asia is thought to be the fastest-growing region in terms of cards issued. Cash dispensers and cardaccepting merchants are plentiful in Japan, and acceptance locations cootinue to increase in Korea, Singapore, Malaysia, and of course, Hoog Kong. Card markets are also developing in

Eastern Europe, A spokesman for Visa U.K. said that the oumber of card acceptance locations and banking offices are spreading quickly throughout Poland, Hungary, and the Czech and Slovak Republics. Visa has made significant inroads in Estonia and Uzbekistan, while Eurocard/Mastercard bolders can use their cards to access casb in Moscow, due to an agreement between Europay International, Credit-Moscow Bank, Moscow Savines

From Travel Insurance to Restaurant Advice, Extra Benefits Lure Customers

HE introduction of annual fees on most credit cards at the start of the decade has led to an explo-sion in the number of add-on card benefits.

"When customers chose a card they are not just comparing interest rates and charges, they are also interested in card enhancements such as travel insurance, frequent-flyer programs and travel assistance," says one industry analyst.

Initially, issuers offered insurance enhancements only to premium or gold-card customers. But as competition has increased, many issuers have widened the offer to all cardholders. In developed card markets such as Britain, France and the United States, Visa and Mastercard issuers frequently offer travel accident insur-ance to standard cardholders.

But there's doubt as to how long this

"The cost of providing insurance through a third party is becoming extremely expensive for the issuers," said Richard Martin, editor of Cards Interna-tional, a Dublin-based trade publication for the payment card industry. "Many have decided to drop insurance-related enhancements and concentrate on valueadded benefits instead.

Source: Credit Card Research, Consumentenbond

"Increasingly, card issuers are linkingup with airlines, car manufacturers and retail outlets to offer co-branded cards," Mr. Martin added, "Both parties to the deal benefit. The card issuer saves money on value-added benefits, which can be anything from free air miles to rebate programs, and the co-branded partner gets access to a wider consumer base."

A few of the many companies with Enrocard/Mastercard co-branding programs include international airlines Fin-

Diners Club International, the travel and entertainment card, has set up a oumber of partnerships with leading airlines including British Airways, Sabena in Belgium, SAS in the Nordic region and, most recently, South African Airways.

"Business cardholders usually favor certain airlines over others," said Nick Clibbom, Diners Club's corporate busi-ness director for Europe, Middle East and Africa. "And if they are traveling frequently, their company may well have negotiated a special deal with the airline concerned. Card issuers have to ensure that the frequent-flyer program takes these factors into account. This is one of the reasons why Diner's Club has linked up with several airlines."

While insurance enhancements are being squeezed on standard cards, they are an integral feature of the higher-level

Diners Club, and the gold cards issued by Visa and Mastercard

These cards are aimed at the business traveler and corporate client. As well as offering compreheosive insurance for medical bills incurred while traveling, lost or delayed luggage, and delayed or missed flights, the cards typically include retail purchase protection insurance and collision damage insurance on rental cars at oo extra cost to the cardholder. Typically, the more prestigious the card, the higher the level of cover.

Retail purchase protectioo insurance is aimed at covering the cost of goods or services purchased with the card that turn out to be damaged, faulty or otherwise unsatisfactory. But the British consumers association advises cardmembers to check that their card's retail purchase protection

purchases abroad as well as in their home country.

There is a certain cachet attached to owning a prestige card, analysts note, and issuers have made the most of this by emphasizing the exclusivity of certain value-added services. Diners Club, for example, offers cardholders exclusive access to 50 airport lounges located worldwide. American Express offers gold cardholders opportunities to attend exclusive exhibitions, social events and private receptions. Events can range from private shopping at high-end department stores to important sporting events.

American Express's travel representa-tives also offer help with anything from booking hotels to obtaining currency to finding top hotels and restaurants.

Cardholders Benefits Common benefits to cardholders offered by mejor credit card companies.

Toll free number 6 Retail purchase protection Air miles Collision damage insurance Travel accident insurance

Travel assistance

Emergency card replacement Source: Company reports

cards issued by American Express and Barbara Wall nair, KLM, Lufthansa, and SwissAir. insurance covers them if they are making Cards Can Cause Holiday Horror Stories BRIEFCASE

By Aline Sullivan

T happened ten miles out of Yogja-karta, the "second city" in Java. Two tourists, a man and a woman, were about to change buses on their way to the great Buddhist temple of Borobudur. As she stood up, the woman noticed that her handbag was flapping open and that her wallet gone.
"You stop here, Borobudur," cried the

other passengers, who were native to the region, as they physically pushed the tourists off the bus and into the street. The bus drove away, containing the woman's wallet, \$400 in cash and a range of credit Two months later, back in Britain, the

woman was still receiving bills from Bar-claycard, a credit card company on the Visa network, recording payments to discotheques in downtown Yogjakarta. American Express, by contrast, had cancelled its card within hours of the theft, but allowed the couple to continue to use the man's card, even though it was also on the same account as his wife's.

Other travelers have different vacation horror stories, depending on the country and the breakdown of their funds. Tourists and business people face a barrage of conflicting advice in deciding how best to cover expenses and guard against

emergencies when traveling abroad.

American Express, the leading provider of travelers checks and the issuer of credit and charge cards, recommends that travellers take a "balanced portfolio" of money, including a small amount of cash for inmediate use on arrival, credit cards for larger or unplanned expenditure, and the majority of money in travelers checks.

That advice is echoed by British travel agency Thomas Cook, which claims that most travelers still prefer travelers checks

to credit cards. An opinion survey by the U.K.-based Mori organization, published this month for Thomas Cook, found that 68 percent of 2,000 people polled took travelers checks on their last trip, while only 32 percent used their credit cards.

Travelers checks have retained their popularity due to the security of 24 hour refund assistance in the case of loss or theft, and a guaranteed exchange rate at

Most analysts recommend that travelers take a balanced portfolio of money, including a small amount of cash for immediate use on arrival, credit cards for larger or unplanned expenses, and a chunk of money in travelers checks.

the time of purchase in the case of currency checks," said Ian Spight, director of financial services at Thomas Cook.

While the majority of people do carry a credit card when they travel overseas, we still sense a strong reluctance to use them for fear of running up large bills or meur-ring hidden charges, said Mr. Spight, Certainly, overspending is easier with

cards than with travelers checks or cash. It is particularly worrying, say some analysts, for holders of American Express and Diners Club, the two major charge cards. Neither card has a preset spending limit, which may be a plus in an emergency, but

not ideal for travelers easily tempted to exceed their budgets. Both cards require full payment at the end of each month. Critics of using charge cards and credit cards while on vacation often point to the vagaries of exchange rates and service charges. But a spokeswoman for Barclays Bank, Britain's largest bank, said that

such criticism is no longer valid in most "Credit card bills are now processed electronically in most travel destinations," she said. "Currency conversions are made

at most three days after the purchase." A recent survey of Barclaycard customers drew very different conclusions from the poll run for Thomas Cook, finding that card usage is rising fast. Holders of the Barclaycard Visa and Mastercards spent £721 million (\$1 billion) last year while traveling abroad, up 9.4 percent

from the previous year. "Barclaycard has seen the amount spent using its cards by consumers traveling abroad more than double since 1987." said Shaun Powell, commercial director of Barclaycard. "Our survey demonstrates this trend is set to continue, as consumers become more familiar with using their card abroad and more places open up to accepting credit cards.'

Credit and charge card companies argue that customers value their cards as an alternative to carrying cash, also finding them useful in emergencies due to legal and medical

Cash, however, is obviously the cheapest and quickest form of payment and the least likely to encourage overspending. It 'can also smooth over situations where trying to spend travelers checks or use cards would be ludicrous.

But, as the couple in Yogjakarta found, nothing is more frustrating than losing cash to a pickpocket.

Regent Pacific's New Fund **Will Target Russian Equities**

Hong Kong-based fund management firm Regent Pacific has launched a oew investment vehicle aimed at the Russian equity market. Incorporated in the Cayman Islands, the fund will seek to raise up to \$20 million over the next 18 months. Investments will primarily focus on undervalued asset-rich enterprises and potential growth companies, mainly in oil and gas, telecommunications, utilities,

property and manufacturing."

Jim Mellon, managing director of Regent Pacific, believes that the privatization of Russian industry is "the largest and fastest restructuring of an economy in

"On the whole, the assets of these enterprises have been greatly undervalued in the auctions and subsequent secondary market trading," he said, "This means outstanding value for share buyers." Minimum investment in the fund is

\$100,000, with an initial charge of up to 5 percent. The managers will also levy a performance fee of 15 percent of profits above an average return of 10 percent per

For more information, call Regent Pacific's London offices at (44 71) 332 0360.

Indosuez, DWS Bring New Media Funds to the Market

Two new media stock funds have recently come to the market. First, Banque indosuez has produced a oew Luxembourg-based vehicle "to invest in the mul-timedia market worldwide." The objective is long-term capital appreciation from this

industry sector. Investment adviser to the fund is Daniel Breen & Company, a Houston, Texasbased investment manager with some \$2 billion under management. Beverley Cowell, an analyst at Daniel Breen with responsibility for the multimedia sector, said: "Currently, we are seeing an opportunity for investment in the area of emerging technologies, as we see falling regulatory barriers worldwide and changing consumer attitudes. The business trends and the fundamentals suggest major

growth potential ahead." Minimum investment in the fund is \$10,000. Management fees run at 1.4 percent per annum.

The second media fund comes from DWS, the fund management arm of Deutsche bank. The fund will commit money to telecom companies worldwide, media and media services companies, cable television networks, radio, telecom equipment and media technology companies. Shares are priced at 80 Deutsche marks (\$51), with an initial charge of 4 percent.

For more information on these funds call Indosuez in Paris on (33 1) 44 20 38 81; or DWS in Frankfurt on (49 69) 71909

Guinness Flight Says New Markets Offer Good Value

Question marks have been hanging over emerging markets this year, but the funds keep coming. The latest is from U.K. fund manager Guiooess Flight, which is launching its Global Emerging Markets

"I believe that now is the time to invest in emerging markets," said James Han-cocks, one of the investment advisers to the fund at Guinness Flight. "In view of their recent corrections, they now offer good value."

The initial charge of five percent is discounted by one percentage point during the launch period (which closes September 30). There will be no initial charge for investors committing \$45,000 or more. and minimum investment is \$10,000.

For more information, call Guinness Flight in London on (44 71) 522 2100.

The Trout Fund Re-Opens To investors with \$100,000 The Trout Fund, one of the leading

lights among hedge funds (which bave, in general, had a disastrous 1994) is re-opening its subscription lists. The fund was up more than 16 percent in the first half of 1994, according to one of its distributors.

John C. Trausche, managing director of the Bahamas-based Oceanus Fund, which is offering small investors the chance to subscribe a minimum of \$100,000 to the Trout Fund, claims that the Trout has never had more than two consecutive losing months, and that the fund was up by around 30 percent over the year ended

Fee structures on the fund are flexible, and interested readers are advised to attempt to negotiate down any charges levied by the feeder fund (Oceanus).

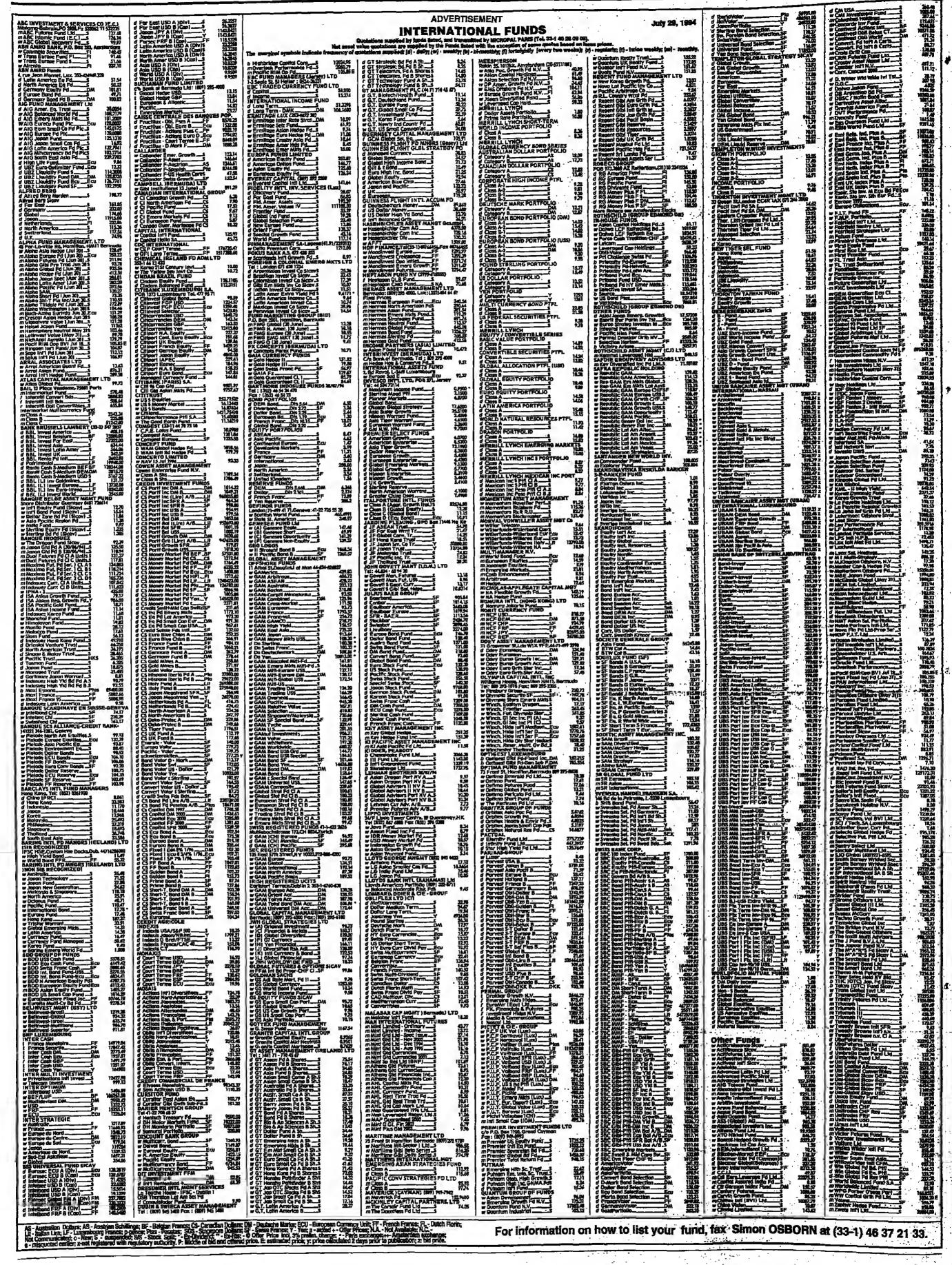
For more information, call Oceanus in the Bahamas on (1 809) 325 1033.

Flemings Umbreila Fund **Launches Four New Classes**

Fund manager Flemings bas launched four new sub-funds of its Luxembourg-based "umbrella" fund. The oew vehicles will invest in China, Eastern Europe, Japanese small companies, and Asian small

The Fleming family of sub-funds is now 20-strong. For more information, call Flemings in Luxembourg on (352) 40 50

The Money Report is edited by Martin Baker



The program for the conference will focus on three key sectors: telecommunications,

transportation and energy.

INVESTING IN NEW INFRASTRUCTURE FOR EUROPE

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For further information on the conference, please contact:

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Tel: (44 71) 836 4802
Fax: (44 71) 836 0717

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Visa cards are linked to the lesuing

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A research program launched

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Groupement des Cartes Ban-

caires in 1988, found that most

fraud in France stemmed from

More than £25,000 per year

Spending Credit line of £7,500

Financial: Option to apply for

Travet: co-ordinator will advise

On and book all business and

leisure travel arrangements.

Competitive discounts on air

against accident, and flight inconvenience, including

Medical and legal referral

Emergency cash advances of

service in emergencies.

luggage loss or delay.

Cost \$80 per year.

£2,500 to £50,000.

Travel insurance

up to \$5,000.

By Rupert Bruce

BATTLE has started for the high ground in the charge card industry. It is being waged to attract the top spenders who use plastic all the time, often on regular trips abroad. And service is the battle cry.

In the free-spending 1980s, almost every financial institution that offered plastic launched a gold card - generally linked to a line of credit with a commercial bank for their best customers.

American Express, which previously had the best-known gold card, was determined to stay a rung above the others and launched its platinum card in 1985. A version of this with a dollar billing facility is being offered in Europe for the first time this month to existing green and gold card holders.

But the platinum card is no longer the most exclusive card. Last month, Europay International, one of the leading international providers of payment systems. launched the Signia card, which is designed to compete for the top international

So far, Signia is only being marketed by Coutts & Co., the private banking arm of National Westminster Bank in the United Kingdom. Europay hopes also to introduce it through banks in Switzerland, Denmark, Italy, and Germany.

According to John Peterson, head of external affairs for American Express in Britain, a chief benefit of the platinum card is the red-carpet service provided to

"The platinum service is pretty comprehensive, particularly when it comes to travel," he says. "Each platinum card holder has a personal account manager." Mr. Peterson recalled a case study con-

cerning a cardholder who, while on a husiness trip to Paris, saw something in a store window that he wanted to buy for his wife. But he didn't have time to stop and make the purchase.

Platinum, Signia Lead the Deluxe Sector

On returning home to New York, he called his account manager and the purchase was made and sent to the United States in time for his wife's birthday.

Coutts' approach to the Signia card is similar. It also stresses an ultra-high level of service, particularly with regard to travel. John Dolton, head of card services for Coutts, says: "We have a card holder who commutes from New York to London, spending his weekends in New York, and his weeks in London.

"He tends to fly via another country when there is a discount. His secretary used to phone around to ask where the advantage was, but now he has asked us to do it instead.

The level of travel service is not the only distinction between the top cards and others. While it is usual for Diners Club and American Express to offer unlimited spending ceilings on all of their cards, there are generally limits on cards launched by non-U.S. companies.

The Barclays Premier card, which bears the Visa logo and is described as a "gold" card, for example, never offers a credit line of more than £7,500 (\$11,250). Coutts' Signia card has a monthly credit line of £30,000.

Skeptics say that the U.S. companies do. in fact, have spending limits, but don't tell their clients what they are unless the limit

is surpassed. Another feature that attracts people to the American Express plannum card and Coutts' Signia, say industry analysts, is that they are symbols of being rich. In-deed, Mr. Peterson of American Express stresses that platinum cards are very exclusive and that people do not apply for them. but are chosen from among existing green and gold card bolders.

Platinum customers, he said, are expected to spend at least \$40,000 per year on the card. At Coutts, the Signia card is only issued to people who earn more than £150,000 per year.

Diners Club differs from other high-end cards in that it is primarily a corporate card, but is also available to wealthy indi-

Geoff Andrews, managing director of Diners Club International in Europe, the Middle East, and Africa, says: "Our appeal is not one of exclusivity, but 99 per cent of the time it is issued to the international traveling businessman, primarily the ex-pense-reimbursed husinessman."

Mr. Andrews said that the so-called "T & E," or travel and entertainment market. is worth \$145 to 150 hillion each year.

Elizabeth Phillips, director of the London-based Credit Card Research Group. says that so far there is little competition at the platinum card end of the market.

"Of course, your gold or platinum card holder is someone that they call in the financial services world a high-net-worth individual," she said. "Obviously, your hope is that the card will give them a much higher credit limit and higher spending power, and having given them that you would hope that they would use it."

The more exclusive the card, of course, the more the annual fee, and the more, in theory, it is used. This means the card company makes more money.

With an incentive like that, analysts say, there will doubtless, be more cards launched to rival the American Express platinum and the Signia cards.

High-Tech Safeguards Chipping Away at Fraud that 0.08 percent of all its card to rob card repayment systems the seller must seek anthoriza-transactions in Europe, the when old methods are tion from the card company," By Digby Larner

their eyes whenever they buy something with a credit or debit

Like fingerprints, it seems, no two pairs of eyes look exactly alike. That's why matching buy- ly. ers' optic idiosyncrasies with information stored on their credit Visa's improved results come the technology to forge cards. cards' magnetic strips is one on the back of a concerted ef- Although not a significant also showed that fraudulent their fight against fraudulent card use.

are happy to publicize efforts to loss could become an over- entitled to do so. fight fraud, few are willing to whelming one. admit how much of a problem it

Over one month to July 1, 1991

The property of the property o

Over one years to say (1994

Figure 1997

Provided 1997

Provided

ment over the previous year.

Estimates put the overall cost States at over \$1 billion annual-

Like other card companies, losses, they know that the high-unchecked. Understandably, card fraud tech expertise of criminals is For this reason companies

Visa International estimates new, more sophisticated ways another.

Middle East and Africa are blocked," said Robert Littas, he said. "The reduction in fraud T SOME POINT in franchient Against Visa's turn-vice president for risk managethe future, shoppers over of \$183 billion in these ment and security at Visa Inter- by 75 percent in the targeted may find sales clerks countries for 1993, its total national in London. "We are sectors. Now, we've extended losses were \$146.4 million. But now one step ahead of the the same system to other secthat was a 50 percent improve- fraudsters but we need to ex- tors." tend that lead."

The latest concern is card of card fraud in the United counterfeiting. Analysts say that a growing number of organized criminals, mainly in Southeast Asia, have developed

is a problem that many banks growing, making it essential to are researching new ways of en- card crime, particularly over the and credit companies are reluc- stay on top of the problem. If suring that cards are genuine past several years. The main tant to talk about. While they not, what is now a containable and that those using them are

"Frand tends to be cyclical in the biometric techniques being nature with criminals finding explored, and fingerprinting is

systems are more refined, banks refused. It's that simple.

technology and banding togeth-forgery is relatively easy and er to educate clients on ways of few sales clerks even bother to

has fallen by £35 million, to effect on fraud has justified the ahont £130 million, since March of last year. The campaign involved sending leaflets in 0.03 percent of all card transto card customers advising them how best to keep their

In particular, the campaign warned consumers that over 20 percent of all losses in Britain. result from cards being lost or are almost all cash withdrawals

Wynne Evans, of the Association for Payment Clearing Services in London, which co-ordinated the campaign, says that most cards are stolen from cars or from the workplace.

"People leaving cards in cars card users tend to dress still a big problem," he said. guard, said Mr. Evans. "At work, too, people are less careful with their wallets and bags, thinking nobody will steal them. Our campaign targeted the most vulnerable areas to make people aware of the

The campaign also encouraged sales clerks to be more vigilant and offered cash payments to those who spotted card criminals.

Burdeys ASF Traillined
Prov Cap Europass Stock rades
Addre (FE) ASEAN Levelopass
Prov Capatol Europass
Five Arrows Grills
NICAM Philippins Fried
NICAM Philippins
Thomson New Tiger Traillined
Hypo FRC PF Meditentaneon En
GAM Singepore Makenes

Occasion Fund
Thomton New Figer Booky 1, 2225
Custom Fund
Colonial Securities Hong Colon
Gentrone Hong Kong
Citic CEF Hong Kong
Indesure Hong Kong
Prov Capitol Hong Kong But the biggest fraud reduction, says Mr. Evans, have been made by lowering the threshold at which cards have to be authorized at the point of sale.

We targeted eight particu-larly risky retail sectors and reduced the level beyond which

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verification method that card fort to fight card-related crime. problem so far, card companies card use tended to occur immecompanies are toying with in But even if card companies are aware that this problem diately after the card had been were content to write-off these could lead to huge losses if left. lost, typically on the same day. Bit French banks have been highly successful in combating reason, analysts say, is that all new French bank cards come Retina verification is one of equipped with a puce, or microchip, which stiffens defenses against fraud. To make a purchase with These systems, however, are such a "smart" card, the user not yet developed enough to en: must punch a 4-digit personal sure reliability. The percentage identification number, or PIN, of legitimate card-users who into a small terminal at the would mistakenly be rejected if point of sale. If you don't know biometrics were used is still too the code, the card cannot be high; observers say. Until the authorized and the purchase is fear that the potential damage. Most magnetic strip cards, by to customer relations is too big contrast, require only a signa-In the meantime, card composed to visually verify. This barrier, analysts say, is almost panies are updating existing totally ineffective, as signature technology and banding together to educate clients.

preventing fraud.

A £3 million (\$4.5 million) glance in the first place.

campaign called Cardsafe. Max Auriol, chief executive launched by British banks last. of Groupement des Cartes Banyear, for example, reduced card caires, says that although it crime in Britain by 21 percent took a while to equip retailers. There, the annual cost of fraud. with smart-card terminals, their

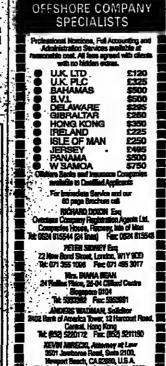
> actions in France," he said. "Now, it is down to 0.004 per-

Around 70 percent of all card purchases in France are now authorized with PIN codes, as from automatic tellers.

Unfortunately, fraud prevention is often more difficult when card users are vacationing. Often, verification techniques abroad are not compati-ble with those back home, and card users tend to drop their

"Quite naturally, people are relaxing and are not so aware of the risks," he said. "They are also usually wearing less cloth-ing and that can make it harder to conceal their valuables." Mr. Evans' recommenda-

tion? Buy a money belt.



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Credit Cards Can Create Profits, Not Just Debts

By Michael D. McNickle

lost or stolen cards, not from-AVE YOU ever thought of try--counterfeit ones. The research ing to recoup some of those high credit-card interest rates? If there were a way to tap into the 14 to 18 percent that the hanks charge, it could be a real money-maker.

There is indeed a way. The securitization of credit-card debt into bond-like instruments offers a chance to lock in double and triple A quality bonds over short and intermediate time frames, at rates above Treasurys. It's an idea, say analysts, that has caught on big.

David D. Wesselink, chief financial officer of Advanta Corp., a financial services firm based in Horsham, Pennsylvania, notes that "asset-backed securitizations have grown from just a small market back in the mid-eighties to a \$60 billion market last year, and it's going to be probably \$66 to \$68 billion this year."

Roughly \$22 to \$25 billion of that, Mr. Wesselink said, will be securitization of credit-card debt, an idea that grew out of the late-eighties volatility of corporate bond markets and the need for companies to get debt off their books.

There were a lot of takeovers at the

time," Mr. Wesselink said, "and in conventional bonds, there was a lot of event risk. This was an investment where people could get away from event risk."

After a few glitches in some of the early deals - like pre-payment problems similar to those inherent in collateralized mortgage obligations - asset-backed securities were restructured to offer minimal pre-payment risk. Their popularity took off.

Joan Barmat, a former securitization specialist for the brokerage Bear Stearns who has worked as a consultant on assetbacked securities, said they are essentially custom-built bonds.

"The advantage of them has been, and continues to be, that by the time they are

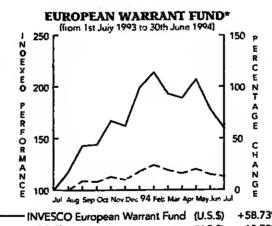
put together, it's a created credit - unlike a corporate credit where you're sort of presented with the corporate facis and the rating agencies make their judgment or investors make their judgment.

"An asset-backed security is created. So you can pretty much create whatever credit quality you want."

But despite the generally favorable view analysts have for these securities, there are also some concerns. According to one account, the structuring of a number of early deals took a team of top investment bankers six months to figure out -meaning that even a sophisticated investor might have trouble properly evaluating these bonds.

"The downside is that they're complex instruments," Mr. Wesselink observed. "The documentation is long and involved and, therefore, it's usually institutional investors that huy these things. The complexity is probably the number one nega-

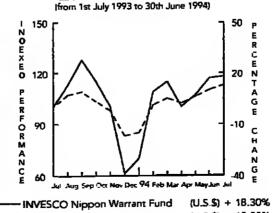
INVESCO Fund Performance Comparisons INVESCO



INVESCO European Warrant Fund (U.S.\$) +58.73% ---- MSCI Europe (U.S.S) +13.78% Source, Micropal, offer-ro-offer, no income (U.S.S)

FUND OBJECTIVE To provide shareholders with capital growth from a highly geared investment in the European equity market through equity warrants.

NIPPON WARRANT FUND*



(U.S.\$) + 13.03% ---- Nikkei 225 Stock Average Source: Micropal, offer-to-offer, no income (U.S.S) FUND OBJECTIVE

To achieve capital growth from a highly geared investment in the Japanese equity market by means of a portfolio of Japanese equity

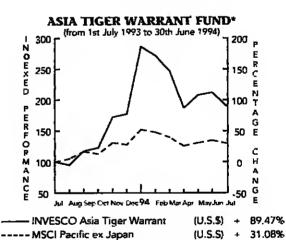
form of investment and therefore are categorised as high risk.

Typically they should form no more than 1-2% of an overall investing in tomorrow

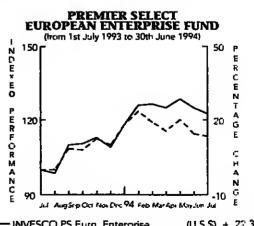
Investors should note that equity warrants are a highly geared

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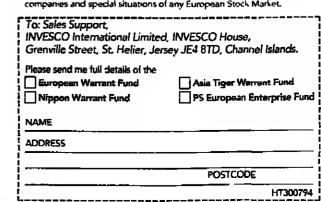


Source Micropal, offer-to-offer, no income (U.S.S) **FUND OBJECTIVE** To achieve long-term capital growth from a highly geared portfolio



- INVESCO PS Euro. Enterprise (U.5.S) + 22.33%---- MSCI Europe (U.S.\$) ÷ 13.78% Source: Micropal, offer-to-offer, no income (U.S.S)

To achieve long-term capital growth from investments in the smaller companies and special situations of any European Stock Market.



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GAM Singapore/Malaysia.
Mercury ST Hong Kong
Aema IUF Asten Equity
CL Asta Pacific Growth.
Finisters Hong Kong Life.

Prov Capitol Hong Kong
GAM East Asia
Prov Cap HK Stockmarket

Source: Micropal

Baring IUF Hong Kong

SPORTS

Broncos vs. Raiders: Familiar NFL Foes Meet in Barcelona

BARCELONA - John Elbe here, except for one thing.

"When I found out that we were playing in Barcelona, I thought, 'O.K., who are we playing?' 'Hostetler said.
"When I found out it was the Broncos, I said: 'Oh, man. We've got to see them again twice during the regular season.' Hopefully, we'll still have their number.

The rivalry between the Los Angeles Raiders and Denver Broncos, one of the fiercest in the National Foothall League and one that dates back to the old American Foothall League, has been more intense than usual this year thanks to events on and off the field, adding an extra dimension to Sunday's American Bowl at the Montjuic Olympic Stadium.

The Raiders won all three meetings last season, including victories on hack-to-back Sundays in January. The teams played an overtime thriller on the final weekend of the regular season, followed by a 42-24 Los Angeles victory in a wild-card

playoff game. In the off season, the teams fought a tug-of-war over the Raiders' Pro Bowl wide receiver, Tim Brown. Los Angeles kept its man by matching Denver's lofty pay offer, but at the expense of precious dollars under the new salary cap.

Given their rocky relationship, the last thing these two teams wanted to do was play way is playing his fourth game abroad, Jeff Hostetler his first. Both quarterbacks are happy to something they haven't done since 1968

"I'm tired of seeing these guys," said the Raiders' head coach, Art Shell. "I've seen these guys too many times in the last months. I'm tired of chasing Elway all over the field."

Usually on these trips, the league likes to have the teams practice against each other to help raise the interest of local fans and encourage ticket sales.

The Raiders, proud of their reputation as the rebels of the NFL have broken with the American Bowl tradition and kept themselves well away from the Broncos

"The Raiders actually didn't want to work with us, which is said the Denver head fine," coach, Wade Phillips. "Traditionally when they work with another team they usually end up fighting all the time rather than practicing, so we're better off working hy ourselves."

Said Shell: "The reason why we're not practicing with them is because when I found out we were playing the Broncos, I went and asked our players, 'Do we want to practice against the Broncos?' They said, 'Coach, we see them enough during the season.' So we'll kind of stay away from them a little bit and play them on Sunday and enjoy that."



John Elway let loose a pass on Friday at practice in Barcelona for the American Bowl.

English Cricketer Won't Quit

Compiled by Our Staff From Disposches MANCHESTER - The captain of En-

gland's cricket team, Mike Atherton, said on Friday that he would not resign, but deeply regretted the incident that had created a balltampering furor last week.

Atherton had been under pressure from the British media to quit after television cameras captured him taking a substance from his pocket and apparently wiping it on the ball last Saturday during England's 356-run first Test loss to South Africa.

"Of course I considered resigning, such was the clamoring of the media," Atherton said at his Lancashire County Cricket Club head-

quarters at Old Trafford. "But if I did, it would have been for the wrong reasons. The reason I haven't is that I am clear my intentions and actions were trustworthy. Atherton said that he had put dirt in his

pocket 15 minutes before the televised incident — in public, with no embarrassment, for all umpires, players and spectators to see—
to use it to dry his sweaty hands on a hot day.
Atherton did not initially tell the referee,
Peter Burge, about the dirt in his pocket. He

was subsequently fined £2,000 (\$3,000) for using the dirt and for not giving a full explanation at the first opportunity to Burge.

Klinsmann Signs With **Tottenham**

LONDON — The German striker Jürgen Klinsmann became Tottenham's second glamour capture of the week on Friday, signing a two-year, £2 million deal with the London soccer club. The club's chairman, Alan Sugar, had been vacationing on his yacht off the coast of south-

ern France and negotiated in secret with Klinsmann, who played in Monaco last season.

Klinsmann, 30, scored five
goals in the World Cup in the United States, and was a mem-ber of the team that won the

1990 World Cup in Italy.
"At first I was thinking of going back to Italy, then I was thinking more and more about Tottenham," he said on Sky Television. "They are a very prestigious club with a lot of tradition. It is a big challenge for me to play in the English Premier League and I am look-ing forward to it."

The signing represents another coup for Sugar and Tottenham's manager, Ossie Ardiles, who also signed the Romanian Australia, def. Slava Do-lepublic, 2-6 7-6 (7-4) 6-1; kil (1), Spain def, Renzo midfield star Ilie Dumitrescu. Tottenham will start the new

season minus six points, after being found guilty of making irregular payments to players.

They were also fined £1.5 million (\$2.29 million) and banned from this season's

CHICAGO—Put Frank Compas, Birminghum Barons pitcher, on suspended list.

TEXAS—Put Tim Leary, pitcher, on 15-day distributed 8st, Recolled Hector Polardo, pitcher, from Cklahoma City, AA. Put Gory Redus, outfielder, on 15-day distributed list retroactive to July 24. Bought contract of Butch Dovis, outfielder, from Oktohoma City, AA.

Netional League

NL—Suspended Rick Subcifie of St, Louis for eight gomes and fined him on undisclosed amount for throwing at and hithing Pitcher Mar-Football Association Cup. Klinsmann, the 1988 European player of the year, began his career with Stuttgarter Kickers. Later he played in Italy for Inter Milan, with whom he won the UEFA Cup in 1991. He moved to Real Madrid at the start of the 1992-93 season and then to Monaco.

> Kazuyoshi Miura, Japan's soccer player of the year last season, has joined the Italian club Genoa, becoming the first Asian to play in Europe's most prestigious league, the club said on Friday, Reuters reported

Miura arrived in the northern Italian port city on Thursday on a one-season loan from Yo-miuri of the J-League. The deal is reportedly worth about 12 billion lire (\$8 million), with 3.5 billion lire going to Miura.

SIDELINES

O'Brien Misses Decathlon Record

ST. PETERSBURG (AP) — Dan O'Brien fell short on Friday in his bid to break his own world record in the decathlon at the Goodwill Games, but still won the gold medal.

O'Brien, seven points behind record pace going into the final event, failed to produce the big effort he needed in the 1,500 meters. Needing a time of 4 minutes, 40.92 seconds or better to set the record the American coasted to a last-place finish in an the record, the American coasted to a last-place finish in an official 5 minutes, 10.9 seconds. He wound up the 10-event competition with 8,715 points, 176 fewer than his record of 8,891.

set in 1992 in Talence, France.

"My legs were fired after the first lap," O'Brien said. "I was just plain old tired. I am a sprinter, not a 1,500-meter runner."

Piggott Plans to Return After Fall

NEWMARKET, England (Reuters) — The legendary English jockey Lester Piggott escaped scrious head and neck injuries in his latest fall in a race, and plans to return to the saddle as soon as he

Piggott, 58, suffered a concussion and bruises when the saddle slipped from his mount, Coffee 'N Cream, and he landed on the track head first at Goodwood on Thursday. He was recuperating at home on Friday.

A family friend, Anna Ludlow, said: "He is fine. He got back today and there are no problems. He is bound by the seven-day rule for concussion to take a break but he will be looking to return to action as soon as he is allowed."

Hill Wins Provisional Pole Position

HOCKENHEIM, Germany (AP) — Damon Hill of Britain took the provisional pole position Friday for the German Grand Prix, circuiting the 6.82 kilometers (4.21 miles) Hockenheim track in I minute, 44.026 seconds.

Gerhard Berger of Austria was second, followed by Germany's Michael Schumacher, the current Formula One leader with six victories this season.

Schumacher dervine for Repetter Ford

Schumacher, driving for Benetton Ford, announced late Thursday that he would race at Hockenheim after appealing an International Automobile Federation ban for two races for failing to observe a black flag at Silverstone, England, on July 10, FIA expects to meet and rule on the appeal on Aug. 29, which means Schumacher could also still race in Budapest on Aug. 14 and in Spa, Belgium, on Aug. 28.

Chief Is Named for Sydney Games

SYDNEY (Combined Dispatches) — Gary Pemberton was appointed Friday to be executive president of the Sydney Organizing Committee for the 2000 Olympic Games. He had been

holding the job as a caretaker.

The announcement ended months of speculation about who would run the body organizing the Games after two candidates turned down the position. Pemberton is chairman of Qantas Airways Ltd. and of Brambles Industries Ltd.

would not stage preliminary volleyball competition for the Games in an Atlanta suburb where a resolution saying gay lifestyles undermined family values had been approved. The resolution triggered protests from gay activists, who lobbied the Atlanta Committee for the Olympic Games to drop the site from its list of venues. a Organizers of the 1996 Atlanta Can

For the Record

Karl Wendlinger, 25, the Austrian Formula One driver who crashed during the Monaco Grand Prix on May 12, left Innsbruck University hospital on Friday. Wendlinger suffered head injuries and was in a coma for three weeks after crashing just after the tunnel on the Monaco circuit.

SCOREBOARD

Major League Standings MERICAN LEAGUE NATIONAL LEAGUE .578 .574 .475 .460 .450

Thursday's Line Scores AMERICAN LEAGUE

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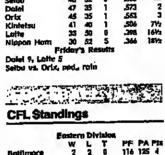
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FOOTBALL Hond Football Leasue Signed Juhn Rasco.

CALVIN AND HOBBES



WIZARD of ID

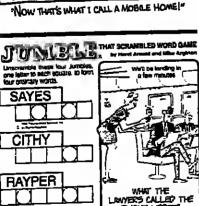






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SPORTS

Rockies Gain in NL But Lose Galarraga

The Associated Press Just as the Colorado Rockies' climb up the NL West standings was getting serious, a way-ward pitch may have knocked them out of the race.

Andres Galarraga's right hand was fractured by a pitch in Thursday's 5-1 victory over the Giants in San Francisco. The victory moved the Rockies within a half-game of idle Los Angeles, but the loss of Galar-

NL ROUNDUP

rage, who was hitting 319 with 31 home runs and 85 RBIs. could prove insurmountable.
"If his hand's broken, there's

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no Galarraga around to replace him," the outfielder Dante Bi-chette said before X-rays con-firmed the diagnosis. "That's a big, big loss."
And one that couldn't have come at a worse time for the

Rockies, who started an Il-

game road trip by winning three This gives us a chance to be in first place," Bichette said of the victory over the Giants. "I mean, everybody expects it to come down to the Dodgers and Giants, but we're here. We're

still here." After Joe Girardi scored the go-ahead run for Colorado on shortstop Royce Clayton's error in the eighth. Dave Burba hit Bichette and Galarraga to start the ninth. Charlie Hayes hit a one-out, two-run double off Rod Beck and later scored on Nelson

Liriano's sacrifice fly.

The Giants loaded the bases with one out in the ninth against Bruce Ruffin, but Steve Scarsone struck out and Darren Lewis popped up.

Marvin Freeman went seven strong innings for the victory, giving up one run and four hits. He struck out four and walked one in winning his third straight start, but nagging soreness in his elbow worsened.

Padres 3, Reds 2: Bip Robwerts singled home the winning run in the 10th inning in San Diego, dropping Cincinnati out of first place in the NL Central. The Reds fell a half game be-

hind Houston. Erik Hanson of the Reds and Bill Krueger of the Padres each had no-hitters for five innings. Both bids were broken up by leadoff hits in the sixth.

Brad Ausmus, who singled and scored the tying run in the eighth on Tony Gwynn's single, opened the 10th with a single off Johnny Ruffin. After a wild pitch, Roberts singled with one

Cubs 10, Pirates 3: Shawon Dunston led off the game with a double and Chicago scored five runs in the first inning in Pitts-

Dunston went 7-for-15 with five doubles and a home run in the four-game series. Todd Haney hit his first homer in the majors and Steve Bucchele homered and drove in three runs for the Cubs.



Teammates mobbed Kenny Rogers after he had pitched baseball's 12th perfect game.

Rogers Stops Angels to Perfection Catch in 9th Saves Perfect Game for Rangers' Lefty

ARLINGTON, Texas - Kenny Rogers, master of all of his pitches on a historic night, was a master of understatement as well.

In describing a marvelous ninth-inning eatch by center fielder Rusty Greer that preserved baseball's 12th perfect game, Rogers said he "went after it like there was a no-hitter on the line."

During a sparkling 4-0 victory over California on Thursday night, the only one of Rogers's 98 pitches that threat-ened to fall untouched to the outfield grass came off the bat of Rex Hudler.

"I told the fans in the first few rows that I was going to break it up," the California second baseman said. "Everybody was yelling at me, saying, 'Don't you do it.' I told them I was going to dork him."

"He threw me two curves for strikes, and then on the next pitch I saw a fastball grip and the ball came out over the plate," Hudler added. "I hit it off the end of my bat. I said to myself, 'I dorked him. But the ball just kept floating like it was floating on air and I said to myself. 'Oh, no, the kid is going to catch it.'

The 'kid,' Greer, said he "was going to give it my best effort whether I caught it

Said Rogers, "When it left his bat, I thought it was a hit for sure." "I got a pretty good jump," Greer said.
"just dove and it fell in my glove."

Then Rogers induced the next two batters into routine outs. For the record, Rogers struck out eight, four on called third strikes, as Texas turned the tables on California. On the

last day of the 1984 season, California's Mike Witt threw the last American League perfect game, against Texas.
The last previous perfect game was thrown by Montreal's Dennis Martinez

against Los Angeles three years ago.
Rogers is the first American League lefty to throw a perfect game and the third overall, joining Los Angeles's Sandy Koufax (1965) and Cincinnati's

Tom Browning (1988).

This was the third no-hitter of the season. Keni Mercker pitched one for Atlanta on April 8 in Los Angeles and Scott Erickson did it for Minnesota against Milwaukee on April 27.
Rogers pitched the fifth no-hitter in

Texas history and the first since Nolan Ryan did it on May 1, 1991, against

Toronto. The Angels were held hitless for the sixth time, the last time by Joe Cowley of Chicago on Sept. 19, 1986.

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"He was better than perfect," said the Rangers catcher Ivan Rodriguez, who was catching his first no-hitter. "He was throwing strikes with his breaking ball, his changeup and the fastball."

Rogers went to three balls on seven batters, including four straight beginning with two out in the sixth. In the seventh, he went to 3-2 counts

on all three batters. Jose Canseco had a solo bomer for the Rangers in a two-run first inning, and then Rodriguez and Canseco hit consecutive bomers in the third, all off Andrew Lorraine, giving Rogers all the cushion

Rogers was a lonely man in the late

"Just like the no-hitters I've seen, the guys were staying away from me," he said. "As it went along, they kind of started separating themselves from me. But they were with me in the field."

Said Hudler: "I'm sorry for our team, but tonight, Kenny was the man, and there were no angels in the outfield."

Belle's Hot Hitting Helps Indians Sweep Orioles and Take AL East Lead

land back to the top, and the said Jason Grimsley, who one the Indians can't afford to pitched 54 innings in the nightlose, will soon be shelved.

Albert Belle's suspension for using a corked bat was reduced Friday from 10 days to six by the American League president, Bobby Brown. Belle will sit out seven games beginning Monday. The suspension will in-

AL ROUNDUP

clude a day-night doubleheader scheduled for Aug. 6 in Boston. Belle had appealed the sus-

pension and his hearing, scheduled for Friday, was canceled. Less than 24 hours before the ruling, Belle continued his home-run binge Thursday night as the Cleveland Indians swept a doubleheader in Baltimore.

Belle and Sandy Alomar hit homers in the first game as the Indians defeated the Orioles, 7-2. In the nightcap, Eddie Mur- off Sid Fernandez, who has al-Pena hit a solo shot to help the Indians win; 5-2, and move a game ahead of Chicago in the AL Central.

Alomar and Belle both connected off Mike Mussina, who took his first loss since June 16. Belle's solo homer was his 33d of the season and seventh in

On July 15, Belle had his bat confiscated by umpires after Chicago's manager, Gene Lamont, suspected that Belle was using cork. Before it could be cramined, the bat was stolen from the unipires' dressing room, triggering this season's most intriguing controversy.

The Indians' first sweep since taking a pair from Texas on May 6, 1990, moved them back into sole possession of first for the first time in two weeks.

Chest protector

The Associated Press "It's big to be in first place, to the relay to the plate to make a The bat that has taken Clevebe the one people are chasing," winner of Bob Wickman. cap. The pressure's off you and the pressure is on the people

chasing you. First place is always better than second." Time is of the essence for the Indians, who realize that with a players' strike scheduled for Aug. 12, every game is crucial.

"What they've done is make the next two weeks effectively, possibly, the last two weeks of the season," said Cleveland's manager, Mike Hargrove. "I hope it's not."

So do Cleveland fans, who have waited 35 years for the Indians to get back into a pennant race. Now the Indians may lose their top RBI man at a crucial time. In the second game, Murray hit a two-run homer in the second and his 17th of the season

to open the minth. Both came ray hit two homers and Tony lowed 26 homers this season. In the opener, Jack Morris pitches, and put most of them

exactly where he wanted. Yankees 4, Red Sox 3; Red Sox 1, Yankees 0: Tom Brunansky homered, and Joe Hesketh, with help from three Boston relievers, held the Yankees to four hits in the second game in New York.

Earlier, the Yankees beat the Red Sox in 11 innings as the teams completed Wednesday night's game that was suspended by min in the eighth inning. Mike Stanley led the way with two homers and three RBIs for the Yankees.

In the first game, Bernie Williams was running when Gallego lined a 3-2 pitch from Ryan into right-center. Williams easily beat in 1991.

Tigers 4, Mariners 2: Mickey Tettleton's two-run homer in the 11th beat visiting Seattle and gave Detroit three straight victories for the first time in

The victory was the 2,127th for Detroit's manager, Sparky Anderson, moving him into fourth place on the managerial career victories list ahead of Joe McCarthy (2,126).

Milt Cuyler singled off Bobby Ayala and Tettleton, who had only one RBI since July 4, hit a 2-0 pitch into the upper deck in right for his 15th bomer. Brewers 5, Blue Jays 4: Ko-

vin Seitzer singled in the win-ning run in the ninth as Milwankee swept three in Toronto for the first time since 1987. Jody Reed led off with a single and Turner Ward walked

before Seitzer singled between third and shortstop. Reed scored just ahead of Rob But-The Brewers have won six of

straight after winning a seasonhigh eight straight. Royals 5. White Sox 3: In Kansas City, shaky David Cone pitched out of one jam after

another as the Royals completed a first-ever, four-game sweep of Chicago.

The Royals scored twice on catcher Mike LaValliere's error in a four-run second.

Cone tied New York's Jimmy Key and Baltimore's Mike Mussina for the league lead in victories with 15. He allowed eight hits and three runs over 715 innings. The White Sox hadn't been swept in Kansas City since losing three straight

Blne Jays lost their third

Catcher Mike Stanley of the Yankees displayed the ball as evidence that Boston's John Valentin was out at home plate.

Players Would Pay High Price for Strike

By Murray Chass
New York Times Service

NEW YORK - Major-league baseball players, poised to strike two weeks from Friday if they and the 28 club owners cannot reach a new collective bargaining agreement by then, stand to lose more money in salaries than any union members ever have in a walkout.

A strike would cost Bobby Bonilla of the Mets, for example, \$31,148 a day, or a total of \$1,619,672 if the strike wiped out the remaining 52 days of the season. "A strike is a last resort," said Donald Fehr, the players' labor leader. "I want to emphasize that. No one wants to play more than the players do."

If the season were to end without an agreement to replace the one that expired Dec. 31, the owners could, at some point early in the off season, declare an impasse in negotiations and impose new work rules unilaterally. They could implement a salary cap, and the players would have no recourse.

Interrupting the season is the only way the players could have some bargaining leverage, although the owners have offered no indication they are prepared to abandon their quest for a cap.

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what teams can spend on player compen-sation, have become the most incendiary issue in the four major professional team sports. The National Basketball Association bas bad a cap for the past decade. but with the labor agreement having expired, the players are intent on getting rid of it. The National Football League is in its first months of a cap, and it seems everyone but the commissioner and the head of the union is criticizing it. The National Hockey League doesn't have one, but its owners want one and the players won't even discuss it.

Baseball club owners have tried in previous negotiations to get a cap or some variation of one, but the players bave always rejected the idea.

The players oppose a cap because they believe it would artificially lower salaries, undermine free agency and weaken competitive balance. They prefer maintaining the existing system under which players negotiate their salaries with no limit on a team's payroll.

No negotiating meetings have been set, but both sides said they were working on a schedule for next week.

A strike could wipe out not only the rest of the season — a total of 666 games - but also the playoffs and the World Series for the first time. In 1981, a 50-day strike ate a chunk of the regular season, costing teams 712 games, but it ended in time for the major leagues to have a split season and an extra round of playoffs.

The strategy behind an August strike is to try to get the owners to reach an agreement in time to salvage the postseason and their estimated \$140 million in postseason television revenue.

Both teams and individual players stand to lose more than money if there is a strike. The Cleveland Indians and the Texas Rangers, for example, are in posi-tion to win their first division championships ever. The Yankees are moving toward their first championship since 1981.

On an individual basis, some players are baving remarkable seasons. Seven players have already hit more than 30 home runs. One player already has driven in more than 100 runs, and Tony Gwynn of San Diego is close enough to a .400 batting average to make it possible that he could be the first to reach that plateau since 1941.

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ZOOSPEAK By Richard Silvestri

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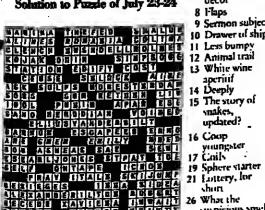
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DAVE BARRY

Directing Your Fury

Coping With Anger. Even so-called "perfect cou-

ples" experience conflict. Take Canada geese. They mate for life, so people just assume they get along well; when people see a goose couple flying overhead, honking, they say, "Oh, that's SO romantie." What these people don't realize is that honking is how geese argue. ("Are you SURE we're heading north?"
"YES, dammit." "Well, I think we should ask somebody.")

It's the same with humans. Even if you love somebody very much, you eventually discover that this person has irritating habits, such as leaving toenail clippings around the house as though they were little art displays, or not disposing of the potato-chip bag after eating everything in it except three salt mnlecules at the bottom.

Nn matter how much you love your spouse, eventually the smooth, unblemished surface of your relationship will he marred by a small pimple of anger, which, if ignored, can grow into a major festering zit of rage that will explode and spew forth a really disgusting metaphor that I do not wish to pursue any further.

For an excellent example of a married couple coping with anger, we turn now to an incident that occurred several years ago involving my brother. Sam, and his wife, Pat, when they were on a long car trip. After many hours on the road, they reached Charleston, South Carolina, where they were going to visit an old family friend. Pat was driving, and Sam was giving directions, and they got into an argument about the way he was

giving them. So Pat decided, O. K., if Sam was so good at directions, then HE could drive the stupid car. She got out, slammed the front door and opened the back door to get in the back with their 2year-old son, Daniel. And then she decided, hey, wby should she ride in the back, like a child? So

MIAMI — Today's topic she slammed the back door. But before she could open the front door, Sam, assuming she was in the car, drove off. Pat was left standing, all alone, at night, with no money, wearing a T-shirt and a miniskirt, in what turned out to be a very bad neighborhood.

"Hey, pretty lady!" called a male voice.

Meanwhile, in the car, Sam was driving with great intensity and focus, reading street signs, making left turns and right turns, showing Pat (he thought) just how excellent his directions were. It was not until be had gone a considerable distance that he realized Pat was being very quiet.

"Pat?" he said. Silence.

"Daniel," said Sam, trying to sound as calm as possible, "is Mommy back there?"
"No," said Daniel.

"O. K., Daniel," said Sam, performing a high-speed turn. "Just be calm." He immediately became lost.

Back in the had neighbor-hood, Pat, walking briskly away from various admiring males, found a bus station with a pay phone, called 911 and explained where she was.

"Do NOT go outside," said the 911 person.

Meanwhile, Sam, driving frantically while reminding Daniel to stay calm, had located the general area where he'd left

At the bus station, an officer sent by the 911 person had found Pat. Pat was taken to the police station, where the officer called the old family friend this being the only person Pat knew in Charleston — and explained the situation.

Fortunately, Sam also called the old family friend, and he and Pat were reunited at the police station, where Pat graciously elected not to seek the death penalty. So everything worked out fine, except that to this day Daniel becomes mildly concerned when Mommy gets out of the car.

Knight-Ridder Newspapers

FBI's Endless Bid to Peg Bernstein as 'Red'

By Ralph Blumenthal

NEW YORK — For more than three decades starting in the 1940s, the FBI obsessively documented the activities of Leonard Bernstein, especially his associations with groups listed as subversive or Communist, and, in the 1960s, his support for the civil rights and antiwar movements, newly released

The FBI never established that Bernstein, who died in 1990, was a member of the Communist Party. Indeed, Bernstein vehemently denied it under oath in 1953, and soon after that, the bureau acknowledged finding no Communist ties.

But Bernstein remained an enthusiastic, if sometimes indiscriminate, supporter of what he considcred to be good causes, and the FBI continued to accumulate reports on his travel and performances and his efforts against the Vietnam War and on behalf of civil rights and, in one well-known episode, the Black Panther Party.

The file shows that on one occasion, after Bernstein held a controversial fund raiser for the Panther group at his New York apartment in 1970, the FBI

went beyond intelligence-gathering and schemed to undermine him with damaging news leaks. The FBI documents, 666 pages of reports on Bernstein, were made available on Thursday in Los Angeles by the American Civil Liberties Union of Southern California, which had nhtained them from the FBI under the Freedom of Information ACL Portions of the reports have been hlacked out or deleted by the government and the civil liberties group says it will sue to get the rest.

With the reports' earnest citations of "Red Fronters" and other derisive terms for suspected suhversives, they recall a time of blacklisting and red-haiting when Cold War fears drove political

"ft's funny until you remember that the FBI took that kind of thing seriously and that that kind of FBI skulduggery ruined so many lives," said Allan Parachini, public affairs director for the regional civil liberties group. Parachini requested the file nearly four years agn, when he was a reporter for the Los

Angeles Times.

"It is a reminder of the most unacceptable and reprehensible behavior on the part of the FBI that went nn for so long." be said. Because the FBI censored the file and took more than three years to provide the part it turned over, he said, "I think it's

fair to question, is it really over yet?"

When a daughter of Bernstein, Jamie Bernstein Thomas, was told in New York of the release of the papers, she said the extent of the file did not come as a hig surprise.

"My father knew that the FBI was tailing him and

keeping an eye on him very early," she said, "because when he tried to get a passport to go to Europe in the late 1940s, be was denied one, and he had to go to the State Department in order to straighten it

She added: "Whenever any liberal cause asked my father to be on their steering committee, or in the list of names on their letterhead, be said, 'Sure,' without



Leonard Bernstein was spied on for decades.

doing any investigation into the organization. If it sounded like a nice liberal cause, he would lend his name in it, and the FBI found that alarming." Long after the uproar over the Bernsteins' fund-

raising party for the Black Panthers, she recalled, the family learned from FBI files that emerged during a. court case that some protesters outside their apart-ment, who identified themselves as being from the Jewish Defense League, were actually FBI agents. In 1980, Bernstein said, "I have substantial evidence, now available to all, that the FBI conspired to foment hatred and violent dissension among blacks,

among Jews and between blacks and Jews." The FBI files revealed on Thursday range widely over Bernstein's causes and career but make no mention of one aspect of his life that biographers have dealt with extensively and that was unlikely to have escaped FBI scrutiny: his bisexuality and homosexual relationships. Parachini of the civil liberties group said he suspected that such material had been withheld.

The documents show that the FBI had been collecting information on Bernstein since at least 1943. when, in the jargon of the bureau, "a confidential

informant of known reliability" reported that Bernstein, then the young assistant director of the New York Philharmonic Orchestra, "had sent greetings" to the American Youth for Democracy, one of 13 organizations cited by the attorney general as Communist. The FBI documents said Bernstein was "connected" with the group, which later honored him with awards and receptions.

In 1945, the file said, he signed an advertisement in The New York Times for the Veterans of the Abraham Lincoln Brigade, an anti-Fascist group and another organization considered subversive. The FBI also found it suspicious that he had agreed to dedicate a musical number to a "Free Spain."

The most damaging piece of information released comes from a 1951 file. In it, the FBI quoted another reliable informant as reporting in 1950 that, in 1945, Benjamin J. Davis and another official of the American Communist Party "described Leonard Bernstein as an adherent of the Communist Party." He was also said to have "agreed to submit to Communist

Strange tidbits found their way into the file. In 1949 someone found a phone book on a subway train that contained the names of purported Communists and a stage list with Bernstein's name. In 1952, Bernstein was taking a ship home from Europe when he talked with someone about a film and an informer reported the conversation to the FBI. The New York Police Department, working with the FBL found that Bernstein's wife, Felicia, had leased her apartment to someone reported years earlier to have been in the Communist Party.

Although Bernstein was unaware of the extent of the FBI's dossier, he knew by the early 1950s that his name had been linked to groups called subversive. He responded in 1953 in a sworn affidavit with his

application to obtain a passport.

"Although I have never, to my knowledge, been accused of being a member of the Communist Party," he began, "I wish to take advantage of this opportunity to affirm under oath that I am not now or at any time ever been a member of the Communist Party or the Communist Political Association."

But in a revealing admission that he may have been used by groups with hidden agendas, he said that in some cases, "my name became linked through a charitable and well-intended impulse and obviously without the probing deliberation required."

He said "the name and real purpose" of some of these groups "are hardly more than a blur in my memory" and a link more on paper than personal. "Besides my ignorance of their underlying pur-poses," he added, "I have no recollection or knowledge of ever having joined any of them which had a membership roll in the true sense."

Bernstein's account was supported by Margaret Carson, who had known him since 1942 and was his personal representative for virtually his entire career. "I would say his political involvement was for all burnamity," she said. "He loved the world and wanted the best for it. His closest political selfdefinition was that he was a socialist. He said as much. But he never joined the Communist Party.'

PEOPLE

'Roseanne and Tom': The TV Docudrama

It's life, twice removed - a television movie about televi-sion stars. Tom and Rose-anne: A Hollywood Marriage is in the works at NBC. The network is researching Rose-anne and Tom Arnold's volatile marriage for the film, which would be produced by Brian Pike who brought us NBC's Tonya and Nancy: The Inside Story." Roseanne, star of the ABC series of the same name. has filed for divorce. Tom is asking for \$100,000 a month in spousai support.

After dumping him for a younger man last year. Rebecca Bronssard is back with Jack Nicholson. The two have been spotted, very lovey-dovey, in Saint-Tropez and in Paris. where the actor confessed that they're having another go at it. This time I am going in try. I'm going to try very hard," he

Paul Simon reunites with his old friend Phoebe Snow for his fifth annual concert to benefit charities on Long Island.

Israeli psychic Uri Geller, 48, is turning his mind to art. Geller has covered his Cadillac with 5,000 pieces of contorted cutlery, some allegedly once used hy such people as Albert Ein-stein. The artwork, he says, is a symbol of peace, particularly in the turbulent Middle East. Geller said he bent about 20 percent of the cutlery with brain power. Israeli artist Avi Pines, 31, bent the rest with his hands. The car will be parked on the patio of the Israel Museum for two months.

Steven Spielberg will use his earnings from the film "Schindler's List" to set up a foundation named for Oskir Schindler, the hero of the movie. and devoted to Jewish causes.

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Forecast for Sunday through Tuesday, as provided by Accu-Weather. Middle East

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POSTCARD

For New Yorkers, the All-Important Apartment Lobby

By Michael Adams New York Times Service

NEW YORK — A building's character can be read by its lobby. Before friends or strangers ever reach a resident's front door, the apartment lobby provides an instant impression about the people who live within.

doesn't much like what his lobby says about him. "It's a downer," he said, from the "dismal utilitarian black vinyl floor to the harsh fluorescent light fixture that fights with the finely crafted 1910 molded plaster ceiling. The marble walls haven't been cleaned in 10 years; the pea-soup-

New Yorkers care passionately about how their lobbies look and are doing something about it, with efforts as elemental as a new coat of paint and as elaborate as a \$600,000 full restoration. "An elegant lobby is regarded as a real asset in apartment sales, especially in a down market," said Brian Peters, a vice president of the build-

ing management firm Douglas Elliman, adding that at "better buildings" in New York City as much as \$30,000 was budgeted for routine lobby renovations that occur. every five to 10 years.

In the case of Hunter's building, after a long period spent restoring infrastructure, "things that don't show, like the boiler, elevators and roof," the co-op board at his building is ready at last to renovate its finely proportioned, long-neglected en-

One July evening, he introduced Sarah fomerin Lee to assembled residents as the lobby expert of the world." A former editor in chief of House Beautiful, Lee now heads the interior design division of the preservation architectural firm Beyer, Blinder, Beile and Lee.

Her suggestions? Change the vinyi floor to black granite, add wrought iron window rilles and an antique light fixture that she hinks "might be nice.

The stone floor would cost \$20,000, roughly the co-op board's entire reserve fund. The antique brass and glass octago-

nal fixture? Another \$6,500. Cost of suggested improvements: \$40,000.

But for many buildings there isn't even a surplus of \$300 to spend on lobby renova-tion. Working in West Harlem as a tenant organizer for the Ecumenical Community Development Organization, April G. Tyler said that at a number of the older buildings she works with, the maintenance or restotecturally significant, is considered a full.

"People are keenly aware of the history represented by their lobby. Some have done great work at bringing them back. but if it's a matter of heat and hot water or repolishing the marble, it's easy to say which is a luxury," she explained.

Developers, designers and residents all have distinct ideas about what constitutes proper lobby decor. Reflecting on the rigors of trying to please what Mario Buatta, who designed more than 100 New York lobbies, calls "the many separate, sometimes embattled egos typically found on a decorating committee," he sighs, "It's just

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